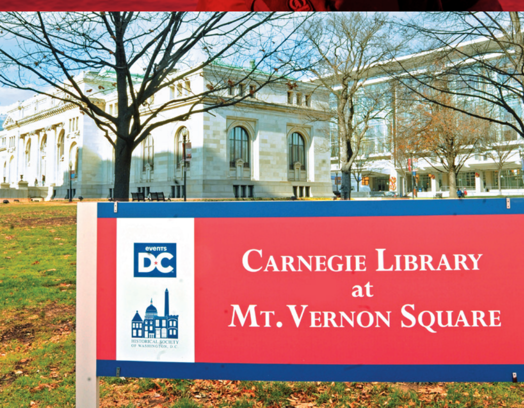
CAFR

2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT



VINCENT C. GRAY
MAYOR
JANUARY 2, 2011 – JANUARY 2, 2015

MURIEL BOWSER
MAYOR
PRESENT

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

Year Ended September 30, 2014

MURIEL BOWSER
MAYOR

January 28, 2015

Dear Residents of the District of Columbia,

I am pleased to present the District of Columbia's (District's) Fiscal Year 2014 Comprehensive Annual Financial Report (CAFR). We completed Fiscal Year 2014 with a budgetary surplus of $203 million, resulting in a General Fund balance of $1.87 billion as of September 30, 2014. For the eighteenth consecutive year, the audit opinion is unqualified. The District's finances are among the strongest of any jurisdiction in the nation, and the strongest they have been in our history. Washington D.C. continues to be a great place to live and work, a diverse city that is working to make sure that all residents have the opportunity to succeed.

The District continues to invest in neighborhoods, education, and projects that enhance our quality of life. Our population continues to grow at a record pace because of the public and private investments that are being made across the city. Our growing prosperity will allow us to ensure financial stability in the years to come while also making important investments in the safety, health, education, and quality of life of all of our residents.

With your continued support, we will continue working to lift communities in every ward to build a more prosperous, equitable, and sustainable District of Columbia.

Sincerely,

Muriel Bowser
Mayor

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

Jeffrey S. DeWitt
Chief Financial Officer

January 28, 2015

The Honorable Muriel Bowser
Mayor of the District of Columbia
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Mayor Bowser:

I am pleased to present the District of Columbia's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2014. As required by law, the District's FY 2014 financial statements were examined by independent auditors. Based on the outcome of the audit performed, KPMG, LLP issued an unqualified (clean) opinion on the District's FY 2014 financial statements. This is the 18th consecutive year in which the District received a clean audit opinion on its annual financial statements.

The District maintained its strong financial position during FY 2014, although the year was not without challenges. FY 2014 began with a federal government shutdown, which affected economic activity in the District. As a result, we used our federal and locally mandated reserves to keep the government open and fully operational to serve the needs of residents during the shutdown period. These reserves were fully replenished once the federal government resumed operations and the District's FY 2014 budget was authorized.

As of September 30, 2014, the District's "rainy day" funds increased to over $863 million and our cumulative General Fund balance was $1.87 billion, up from $1.75 billion in FY 2013. The District's healthy financial position in FY 2014 was also evidenced by its strong bond ratings. Our Income Tax Secured (ITS) bonds were rated AA+ (Fitch Ratings), Aa1 (Moody's Investors Service) and AAA (Standard & Poor's Rating Service). Our General Obligation (GO) bonds ratings were AA (Fitch Ratings), Aa2 (Moody's Investors Service), and AA (Standard & Poor's Rating Service), reflecting upgrades from both Fitch and Standard & Poor's from AA-. Because of these strong ratings, the District was able to access the credit markets and issue $819.7 million in GO bonds and $252.8 million in ITS bonds at record low interest rates, making more funding available to support needed programs and services for residents. The proceeds of these bond sales were used to finance economic development initiatives, infrastructure enhancements, and other capital projects.

Looking to the future, the District's ability to enjoy healthy finances will require that we continue to utilize sound financial management practices and maintain fiscal discipline. To that end, the Office of the Chief Financial Officer (OCFO) will continue to develop sound quarterly revenue estimates and structurally balanced budgets to ensure that the District continues on the path of financial success. We will continue to be diligent in our efforts to prudently manage the District's financial resources. The

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OCFO will continue to utilize sound business practices that incorporate strong and effective internal controls. We will produce accurate and reliable financial information, provide quality service to District residents and our government partners, and comply with applicable laws and regulations while striving to maximize operational efficiency.

The District's financial success is due to the dedication and hard work of many across the city, beginning with the leadership of our elected officials. I also wish to recognize the hard work of agency program and financial staff who contributed to the successful management and accounting of the District's financial resources in the past year. Through our collaborative efforts, the District was able to operate within budgetary constraints and timely issue its FY 2014 CAFR, resulting in a clean audit opinion.

Sincerely,

Jeffrey S. DeWitt

Jeffrey S. DeWitt

John A. Wilson Building, 1350 Pennsylvania Avenue, N.W., Suite 203, Washington, D.C. 20004
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Government of the District of Columbia
Comprehensive Annual Financial Report
Year Ended September 30, 2014

Vincent C. Gray
Mayor
January 2, 2011 – January 2, 2015

Muriel Bowser
Mayor
Present

Jeffrey S. DeWitt
Chief Financial Officer

John A. Wilson Building
1350 Pennsylvania Avenue, NW
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DISTRICT OF COLUMBIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2014

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2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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MAYOR
JANUARY 2, 2011 – JANUARY 2, 2015

MURIEL BOWSER
MAYOR
PRESENT

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

Year Ended September 30, 2014

Government of the District of Columbia

Office of the Chief Financial Officer
Office of Financial Operations and Systems
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(202) 442-8200
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January 28, 2015

Mr. Jeffrey S. DeWitt
Chief Financial Officer

The Comprehensive Annual Financial Report (CAFR) of the Government of the District of Columbia (District) for the fiscal year ended September 30, 2014, is herewith submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with District management and the Office of the Chief Financial Officer (OCFO). To the best of my knowledge and belief, the enclosed financial statements and schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the District.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for state and local governments as promulgated by the Governmental Accounting Standards Board (GASB) and includes all disclosures necessary for readers to gain an understanding of the District's financial activities.

The ability to produce a timely and accurate CAFR depends upon the adequacy of the District's internal controls. Internal control is defined as a process, effected by an entity's governing board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) efficiency and effectiveness of operations; (b) reliability of financial reporting; and (c) compliance with applicable laws and regulations. Reasonable assurance is defined as a high, but not absolute, level of assurance about whether the financial statements are free of material misstatement. The District's management is responsible for establishing and maintaining adequate internal controls. The greatest challenge in establishing and maintaining adequate internal controls is ensuring that the control framework developed by management is comprehensive—that is, broad enough to achieve its intended purpose.

Due to certain inherent limitations, such as prohibitive costs, judgment errors, or potential for management override and collusion, internal control can only provide reasonable assurance that management's objectives will be achieved. However, routine periodic audits help management assess, on an on-going basis, the adequacy of the District's internal controls. In accordance with D.C. Code § 47-119, an independent auditor audited the District's financial statements for the year ended September 30, 2014. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In addition to issuing an opinion on the District's financial statements, the independent auditor, KPMG LLP, prepared a report, which was issued in conjunction with the CAFR, that discussed the auditor's consideration of the District's internal control over financial reporting and the outcome of the auditor's tests of the District's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other related requirements. This report is commonly referred to as the Yellow Book Report.

Moreover, an audit of compliance with the Federal Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is also performed annually and a separate report, often referred to as the Single Audit Report, is issued by the independent auditors. The District's fiscal year 2014 Single Audit Report will be issued at a later date.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and, therefore, does not discuss the District's financial operations and results, which are fully discussed in the MD&A. For that reason, this letter should be read in conjunction with the MD&A in order to gain a better understanding of the District's financial condition.

PROFILE OF THE GOVERNMENT

Overview: Historical Background of the District

President George Washington established Washington, D.C. (herein after referred to as D.C., the District of Columbia, or the District) in 1791 from territory ceded by the State of Maryland and the Commonwealth of Virginia. The United States Congress assumed jurisdiction over the District of Columbia, but citizens residing in the District of Columbia did not have voting representation in Congress.

Significant dates in the history of the District of Columbia are presented in the timeline shown in **Table T1**.

Table T1 – Timeline: Key Dates in the History of the District of Columbia

February 1801	Congress enacted the Organic Act of 1801, thereby dividing the capital district into Washington County (former Maryland area) and Alexandria County (former Virginia area).
1846	Congress passed a law allowing the City of Alexandria and Alexandria County to be returned to the Commonwealth of Virginia.
1871	Congress consolidated Georgetown, Washington City, and Washington County into one territorial government. The President appointed a territorial governor and council and an elected House of Delegates. A non-voting delegate to Congress was also established.
1874	The territorial government of the District of Columbia was abolished and the provision for a non-voting delegate to Congress was eliminated.
1878	The power to elect a territorial governor and council was eliminated. Congress established a three-member Board of Commissioners to govern the District of Columbia.
1961	The 23rd Amendment to the U.S. Constitution was ratified. Citizens of the District of Columbia were granted the right to vote in a presidential election.
1967	President Lyndon B. Johnson appointed Walter E. Washington Mayor of the District of Columbia.
1970	Congress passed the District of Columbia Delegate Act.
1971	Walter Fauntroy became the first Congressional Delegate to represent the District of Columbia.
1973	Congress passed the District of Columbia Home Rule Act, which provides for a popularly elected mayor and a 13-member Council.

Although Congress passed the Home Rule Act in 1973, Congress retained and continues to retain the right to review and overturn the legislative acts of the Council if both houses of Congress vote within 30 legislative days to do so. In addition, the budget for the District of Columbia government must be approved by Congress and the President of the United States.

The Home Rule Act prohibits the taxing of federal property, other tax-exempt property, and the income of non-District residents who work in the District.

In 1983, it was determined that the District could legally issue its own debt. On October 15, 1984, the District issued municipal debt for the first time, in the form of Tax Revenue Anticipation Notes (TRANs), which totaled $150 million.

Although progress has been made on many fronts throughout the city's history, District of Columbia residents still do not have voting representation in Congress. However, in accordance with the District of Columbia Delegate Act of 1970, U.S. Public Law 91-405, the citizens of the District of Columbia are represented in the House of Representatives by a Delegate, who is elected by the voters of the District of Columbia. Consistent with the Act:

> *The Delegate shall have a seat in the House of Representatives, with the right of debate, but not of voting, shall have all the privileges granted a Representative by § 6 of Article I of the Constitution, and shall be subject to the same restrictions and regulations as are imposed by law or rules on Representatives. The Delegate shall be elected to serve during each Congress.*

The current D.C. Delegate, Congresswoman Eleanor Holmes Norton, has no voting power. However, despite her voting limitations, she has been able to accomplish much on behalf of the District of Columbia. Some of her recent accomplishments include the following:

- During the federal government shutdown, worked on multiple fronts to help the District obtain the authority to use its local funds to remain open for all of fiscal year 2014 as part of a bill to reopen the federal government through January 15, 2014. With the passage of the bill, the District government was authorized to spend its local funds at the fiscal year 2014 level for the full fiscal year, while federal agencies were allowed to spend at fiscal year 2013 levels, and their authority to spend any funds ended when the continuing resolution expired on January 15, 2014.

Prior to the passage of the bill, the District government had remained operational by using reserve funds which had already been approved by Congress. The Mayor declared all District employees "essential," which would allow them to continue working during the shutdown period.

- Introduced a bill to extend federal tax benefits for mass transit commutes, and to encourage commuters to use mass transit by equalizing tax benefits for mass transit and parking. As part of the "fiscal cliff" negotiations, Congress increased the commuter benefit amount to $245, but this amount decreased to $130 on December 31, 2013. The benefit for parking remained at $245.

- Introduced the Restore Opportunity, Strengthen, and Improve the Economy (ROSIE) Act that provides workplace protections for federal contract workers. The ROSIE Act requires employers seeking federal contracts to demonstrate compliance with workplace protection laws, including laws governing labor relations, wages and hours, and health and safety laws. This Act incentivizes federal government contractors who support workers' collective bargaining, pay living wages and benefits, stop wage theft, and avoid paying top executives excessive salaries.

- Succeeded in keeping an amendment out of the final National Defense Authorization Act for Fiscal Year 2014 that would have weakened D.C. gun safety laws. This amendment indicated that active duty military personnel in their private capacity should be exempt from the gun safety laws of the District of Columbia, but not those of any other state or locality.

For more information on the initiatives, activities and accomplishments of the D.C. Delegate, visit Congresswoman Eleanor Holmes Norton's website at www.norton.house.gov.

Financial Reporting Entity

For financial reporting purposes, the District's reporting entity consists of: (1) the primary government; (2) five discretely presented component units: Health Benefit Exchange Authority, Housing Finance Agency, Not-For-Profit Hospital Corporation (d/b/a United Medical Center), University of the District of Columbia, and Washington Convention and Sports Authority and; (3) one blended component unit, the Tobacco Settlement Financing Corporation. The District of Columbia Housing Authority and the District of Columbia Water and Sewer Authority are considered related organizations because the District is not financially accountable for their operations. The funds and accounts of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or the component units have been included in the reporting entity. Further information on the reporting entity can be found in Note 1B, page 56 of the Notes to the Basic Financial Statements.

The District and its component units provide a wide range of services to residents, including elementary, secondary, and postsecondary education; health and human services; economic development and regulation; public safety; transportation; and other general government services.

Budgetary Information

During the first quarter of each fiscal year, agencies begin the budget formulation process for the upcoming fiscal year. On or about March 20th of each year, consistent with Section 442 of the Home Rule Act, the Mayor submits a balanced operating budget for the upcoming fiscal year to the Council for review and approval. The Council holds public hearings and adopts the budget (including a multi-year capital improvement plan, by project, for all District agencies) through passage of a Budget Request Act. The Mayor may not submit and the Council may not adopt any budget which presents expenditures and other financing uses that exceed revenues and other financing sources. After the Mayor approves the adopted budget, it is forwarded to the President of the United States (the President) and then to Congress for approval. Congress enacts the District's budget through passage of an appropriations bill, which is signed into law by the President.

The legally adopted budget is the annual Appropriations Act passed by Congress and signed by the President. The Appropriations Act authorizes expenditures at the agency level and by appropriation title (function), such as Public Safety and Justice; Human Support Services; or Public Education. To revise planned expenditures for any function, Congress must enact the appropriate legislation. However, the District may reallocate budgeted amounts using the District's reprogramming process in accordance with applicable legal requirements.

The District utilizes budgetary controls designed to monitor compliance with expenditure limitations contained in the annual Appropriations Act. The District's automated and manual transaction level controls and sound governance provide strong budgetary controls. The annual budget is assigned specific accounting attributes and is uploaded into the District's accounting system of record, thereby establishing the budget authority for each entity within the District government. The budget authority established in the system of record is then reconciled to the

levels of funding authorized by the Appropriations Act. In addition, on an annual basis, independent auditors review the budgetary comparison statement to ensure compliance with federally approved amounts and to determine whether budget adjustments are properly documented and approved.

The "*District Anti-Deficiency Act of 2002*" (the Act), which became effective on April 4, 2003, introduced additional budgetary control requirements. This Act requires District managers to develop spending projections, by source of funds, on a monthly basis, which show year-to-date spending, approved budget, year-end projected spending, explanations of variances greater than 5% or $1 million, and planned corrective actions for instances of overspending. Spending projections are required to be submitted to the agency head and the Agency Fiscal Officer. Summarized spending projections must be submitted to the District's Chief Financial Officer (CFO) no later than 30 days after the end of each month.

Other reporting requirements have also been established to enhance the District's budgetary control policies and practices. Consistent with D.C. Code § 47-355.04, agency heads and Agency Fiscal Officers are to submit jointly a monthly spending plan for the fiscal year to the District's CFO by October 1st of each fiscal year. In addition, pursuant to D.C. Code § 47-355.05, the District's CFO is to submit quarterly reports to the Council and the Mayor that present each agency's actual expenditures, encumbrances, and commitments, each by source of funds, compared to each agency's approved spending plan. This report is required to be accompanied by the District CFO's observations regarding spending patterns and steps being taken to ensure that spending remains within the approved budget. These reports are used by the District's Anti-Deficiency Review Board to assess cases of overspending.

In addition, the District uses encumbrance accounting as a means of strengthening budgetary controls and financial reporting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system of record in order to reserve the portion of the related appropriation that will be needed for the expenditure. Therefore, the recording of encumbrances is a valuable tool used by the District to ensure that expenditures are within budgeted amounts. Generally, encumbered amounts lapse at year-end in the General Fund but not in the Capital Projects Fund, Special Revenue Fund, or the Federal and Private Resources Fund.

Fund Balance Reserves:

Congressionally Mandated

Through Congressional mandate, the District is required to maintain cash reserves totaling 6% of the previous fiscal year's General Fund-Local expenditures less debt service cost. The 6% is comprised of a contingency cash reserve of 4% and an emergency cash reserve of 2%. The contingency cash reserve may be used to provide for nonrecurring or unforeseen needs (*e.g.,* severe weather or other natural disasters, and unexpected obligations created by federal law) that arise during the fiscal year or to cover revenue shortfalls experienced by the District for three consecutive months. The emergency cash reserve may be used to provide for unanticipated and nonrecurring extraordinary needs of an emergency nature (*e.g.,* natural disaster or calamity) and may be used in the event that the Mayor declares a State of Emergency in the District.

Mandated by the District

Fiscal Stabilization Reserve

The fiscal stabilization reserve may be used by the Mayor for the same purposes for which the contingency reserve was established. However, this reserve may not be used for cash flow management purposes. At full funding, the fiscal stabilization reserve must equal 2.34% of the District's General Fund operating expenditures for each fiscal year.

Cash Flow Reserve

The cash flow reserve may be used by the District's CFO as needed to manage the District's cash flow. When a portion of the reserve is used to meet cash flow needs, this reserve must be replenished in the same fiscal year the amounts were used. At full funding, the cash flow reserve must equal 8.33% of the General Fund operating budget for the current fiscal year.

District Accounting and Financial System

Accounting System

The District's accounting system is organized and maintained on a fund basis. A fund is a separate, distinct accounting entity that has its own assets, liabilities, equity, revenues, and expenditures/expenses. The District uses U.S. generally accepted accounting principles (GAAP) when determining the types of funds to be established and is guided by the "minimum number of funds principle" and sound financial management practices when determining the number of funds within each fund type.

Measurement Focus and Basis of Accounting

The District's financial statements are prepared in accordance with GAAP. Accordingly, the measurement focus and basis of accounting applied in the preparation of government-wide financial statements and fund financial statements are as follows:

- The government-wide financial statements focus on all of the District's economic resources and use the full accrual basis of accounting.

- Fund financial statements focus primarily on the sources, uses, and balances of current financial resources and use the modified accrual basis of accounting.

- Specialized accounting and reporting principles and practices apply to governmental funds. Proprietary funds, component units and pension trust funds are accounted for in the same manner as business enterprises.

- The budgetary basis of accounting is used to prepare the budgetary comparison statement presented in Exhibit 2-d found on page 47. This basis of accounting differs from the GAAP basis as described below:

  - ***Basis Differences*** - The District uses the purchase method for budgetary purposes and the consumption method for GAAP basis accounting for inventories. Under the purchase method, purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Under the consumption method, an expenditure is recognized only when the inventory items are used rather than purchased.

  - ***Entity Differences*** - This basis relates to inclusion or exclusion of certain activities for budgetary purposes as opposed to those included or excluded on a GAAP basis for reporting purposes. Such activities primarily include the following:

    1. Fund balance released from restrictions
    2. Proceeds from debt restructuring
    3. Accounts receivable allowance
    4. Operating surplus from enterprise funds

  - ***Perspective Differences*** – Perspective differences exist when the structure of financial information for budgetary purposes differs from the fund structure that is used to construct the basic financial statements. The District does not have any significant budgetary perspective differences that limit its ability to present budgetary comparisons of its general fund. The District's *Budgetary Comparison Statement* is presented as part of the basic financial statements in Exhibit 2-d on page 47.

  - ***Timing Differences*** – Timing differences can exist when there are significant variances between budgetary practices and GAAP, which may include continuing appropriations, project appropriations, automatic re-appropriations, and biennial budgeting. The District has no significant timing differences between its budgetary practices and its GAAP presentation of its financial statements.

Transparency in Financial Reporting

The OCFO continues to promote openness in government and transparency in financial reporting. Over the last decade, the District has opened its books to the public by posting online the annual operating budget and capital plan, the comprehensive annual financial report, and the popular annual financial report. In addition, the OCFO's website provides information that allows taxpayers to review and assess the District's financial status, programs, activities and services, and determine how their tax dollars are being used. This information includes: operating financial status reports; capital financial status reports; quarterly revenue estimates; monthly cash reports; monthly/annual economic indicators and other reports; Featured News (including press releases and Council Hearing written testimonies); and links to other useful information, such as the Taxpayer Service Center, the D.C. College Savings Plan, Unclaimed Property Division, and Invest in DC Bonds.

In addition, CFOInfo, a web-based interactive budget dashboard, presents data on the current year budget and actual expenditures as well as data for three succeeding fiscal years. CFOInfo also presents the proposed budget for the upcoming fiscal year. Users can view data in graphical or tabular format and may create comparisons and cross tabs for more detailed analyses. CFOInfo may be used to access data regarding operating budgets, special purpose revenue, federal grants, financial status year-to-date, and capital budgets.

ECONOMIC CONDITION AND OUTLOOK

Over the last several years, the rate of increase in employment within the District has slowed significantly, with gains in the private sector being barely able to offset public sector declines. Resident employment has also slowed. Population growth continues to be a major factor in increasing the District's income, property, and sales tax

bases. It is also a driving force behind rising home values. In the last four years (between 2010 and 2014), the District's population has grown by more than 53,000 residents, an increase that has averaged more than 1,100 residents per month over that period of time. In addition, developments in the national economy (such as continued economic growth, strong stock market gains, and low interest rates) have contributed to the District's growing tax base.

Approximately 25% of employed District residents work for the federal government. Federal civilian employment accounts for 28% of all wage and salary jobs located in the District and 32% of the wages and salaries that are generated in the city. Furthermore, federal contracting accounts for additional jobs and income in the area, which also contribute to the District's tax base. With such a dominant federal presence, significant changes in federal spending can have a major impact on the District's economy and revenues.

Pursuant to a law which became effective on March 1, 2013, all federal discretionary spending is subject to reduction. This measure, known as sequestration, requires across-the-board cuts to all defense and non-defense discretionary spending which began in FY 2013 and will continue throughout the remainder of the decade. Sequestration, along with other federal fiscal policy decisions regarding debt ceiling extensions, budget resolutions, and annual appropriations, can adversely affect the District's economy.

Congress has approved a budget that increases some federal spending. This budget tempers some of the uncertainty around federal fiscal policy through 2015. However, the budget agreement leaves in place much of the sequestration limits on federal spending through FY 2023. The budget agreement also leaves unresolved the most feasible approach for reducing federal debt.

Federal government expansion cushioned the District and metropolitan area economies from the worst effects of the national recession over the past several years. The federal government will no doubt continue to anchor the District's economy, but given the ongoing federal fiscal policy uncertainties, the federal government can no longer be counted on to be a source of significant growth.

<u>Highlights: The District's Economy</u>

Highlights of recent trends in the District's economy include slowing job growth, increases in population and a strong housing market as presented below:

- Job growth has picked up since the early summer. In the three months ended September 2014, there were 7,967 (1.1 percent) more wage and salary jobs located in the District than a year earlier. Of particular note, there were 3,833 fewer federal government jobs in September than there were a year earlier, while the private sector jobs increased by 10,000 (2.0 percent).

- District resident employment in the three months ended September 2014 was 7,198 (2.1 percent) more than a year earlier.

- The September unemployment rate was 7.8 percent (seasonally adjusted), a decrease from the revised 8.6 percent a year ago.

- Wages earned in the District of Columbia grew 4.1 percent in the September 2014 quarter compared to the same quarter a year ago. D.C. personal income was 4.2 percent higher.

- Home sales and prices reflect a cooling of both single family sales and price appreciation. Single family sales for the three-months period ended September 2014 were down 3.9 percent from a year ago, and there was a 3.1 percent decrease in the average selling price. Condominium sales were down 6.1 percent, but the average price was 3.5 percent higher. The value of all home sale settled contracts for the three-month period ended September 2014 was 5.5 percent less than a year ago.

- Commercial office effective rents continued to edge downward over the past year. Leased space in September 2014 was up 0.8 percent from a year ago, while the vacancy rate rose slightly over the past year from 12.5 percent to 12.9 percent.

- Hotel room-days sold for the three months ended September 2014 were 7.1 percent above the prior year, and hotel room revenues were up by 16.2 percent. These large increases appear in part to reflect the government shut down that affected the prior calendar year.

Key Factors in the District's Economy

<u>*Population*</u>

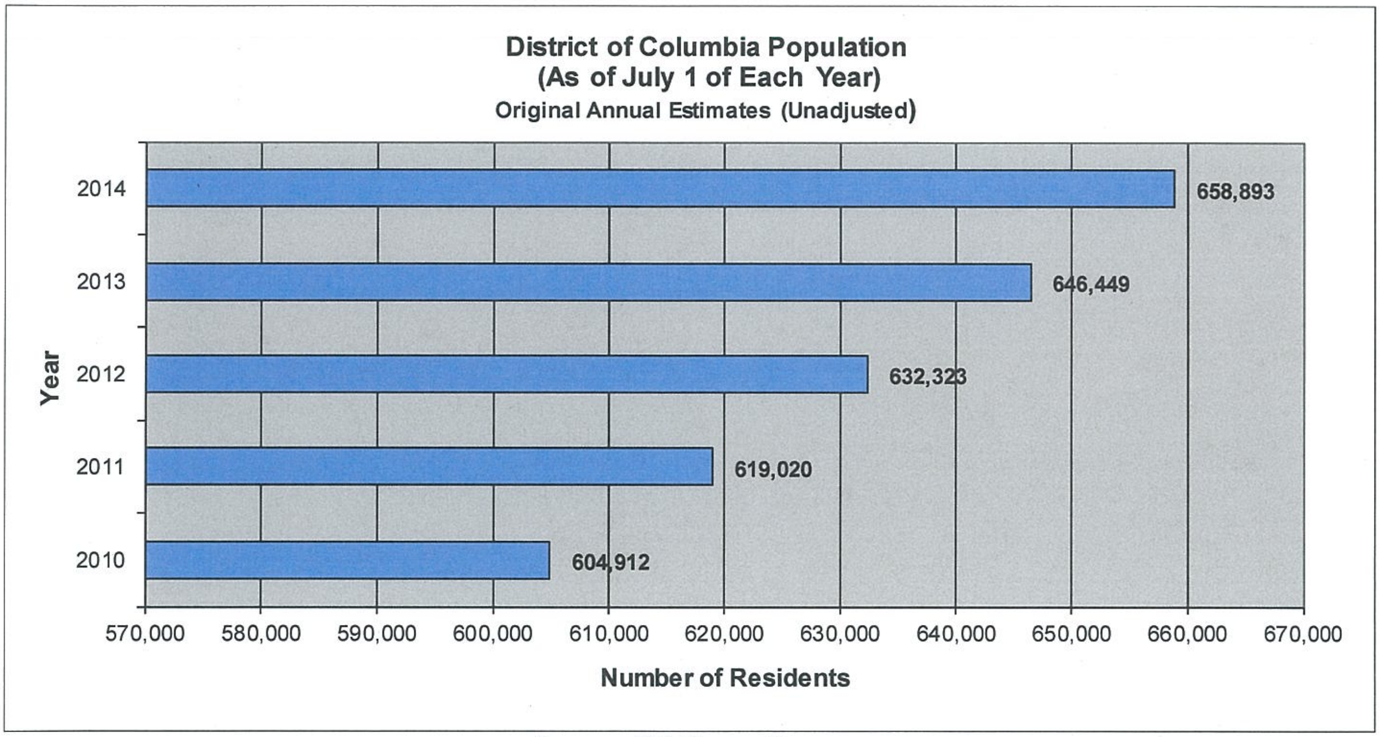
The U.S. Census Bureau estimated that there were 658,893 residents in the District of Columbia, as of July 1, 2014. This represents an increase of 9,782, or 1.5%, from the revised July 1, 2013 estimate of 649,111. Annual census estimates are based on birth and death records, changes in tax return filings, and estimates of the number of immigrants who move into the District each year. **Chart T1** presents the District's population trends for calendar years 2010 through 2014.

Income Trends

Income has grown considerably in the District in recent years. From the third quarter of 2009 to the third quarter of 2014, personal income grew approximately 27.4% in the District as compared to 22.7% nationally.

The distribution of income in the District differs from that of the nation as a whole, with larger portions of District residents being in the higher and lower income brackets and a significantly smaller portion being within the middle income levels. Median household income data is not yet available for 2014; however, for the two-year period 2012 and 2013, the District's median household income of $63,435 was 22.3% above the U.S. average. The Census Bureau estimates that 18.6% of the District's population was below the poverty line in 2013 as compared to 15.4% for all of the U.S.

Chart T1 – Population Trends (2010 – 2014)



Source: U.S. Census Bureau

Employment Trends

Total wage and salary employment in the Washington metropolitan area increased to approximately 3,091,100 in fiscal year 2014 from the revised 3,080,400 for fiscal year 2013, representing a 0.35% increase. These numbers exclude the self-employed, domestic workers, military and foreign government personnel, which represent a significant portion of the total workforce of the region. Some of the references to the 2013 employment numbers may differ from those presented in the fiscal year 2013 CAFR because of updates and revisions. **Table T2** presents 2014 labor market data for the District and the metropolitan region.

Total wage and salary employment within the District increased slightly to 24.4% of the metropolitan area's total wage and salary employment. The seasonally adjusted September 2014 unemployment rate in the District was 7.8%, compared to the September 2013 seasonally adjusted rate of 8.6%.

Total employment within the District increased to 754,400 as of September 2014 from the revised 743,500 as of September 2013. As the nation's capital, Washington, D.C. is the seat of the federal government and headquarters for most federal departments and agencies. The total September 2014 federal workforce in the Washington metropolitan area was 365,500; with approximately 200,900 federal employees located in Washington, D.C. and 164,600 additional federal employees who worked elsewhere in the Washington metropolitan area.

Minimum Wage Rate

Historically, District law has required that the minimum wage rate for District employees be at least $1.00 per hour more than the Federal minimum wage. Beginning on July 24, 2009, the Federal minimum wage rate was increased to $7.25 per hour and has not been revised since that time. Therefore, effective July 24, 2009, the District's minimum wage rate increased to $8.25 per hour.

In December 2013, the Council approved a measure to raise the District's minimum wage limit to $11.50 per hour over three years as follows: $9.50 per hour, effective July 1, 2014; $10.50 per hour, effective July 1, 2015; and $11.50 per hour, effective July 1, 2016. In January 2014, the Mayor signed the associated bill into law. Consequently, beginning in July 2014, the District's minimum wage limit increased to $9.50 per hour.

Table T2– 2014 Labor Market Data for the District and Surrounding Metropolitan Area

Labor Market (000s): FY2014

	District of Columbia			Metropolitan Area		
Item	Level	1 yr. change (number)	1 yr. change (%)	Level	1 yr. change (number)	1 yr. change (%)
Employed residents	349.3	10.9	3.2	3,052.1	12.4	0.4
Labor force	379.0	10.7	2.9	3,214.2	3.8	0.1
Total wage and salary employment	754.4	6.5	0.9	3,091.1	10.7	0.3
Federal government	200.9	-3.6	-1.8	365.5	-6.7	-1.8
Local government	36.2	1.9	5.5	319.5	6.5	2.1
Leisure & hospitality	70.5	1.8	2.6	302.7	8.5	2.9
Trade	26.3	1.4	5.6	332.0	4.8	1.5
Education and health	128.1	1.9	1.5	393.5	-3.2	-0.8
Prof., bus., and other services	226.9	2.7	1.2	891.8	-1.2	-0.1
Other private	65.5	0.4	0.6	486.1	2.0	0.4
Unemployed	29.7	-0.2	-0.7	162.1	-8.7	-5.1
New Unemployment Claims	1.5	-0.4	-19.2	(a)	(a)	(a)

Sources: U.S. Bureau of Labor Statistics (BLS) & D.C. Dept. of Employment Services (DOES)

All data are monthly averages for the fiscal year and are preliminary, not seasonally adjusted.

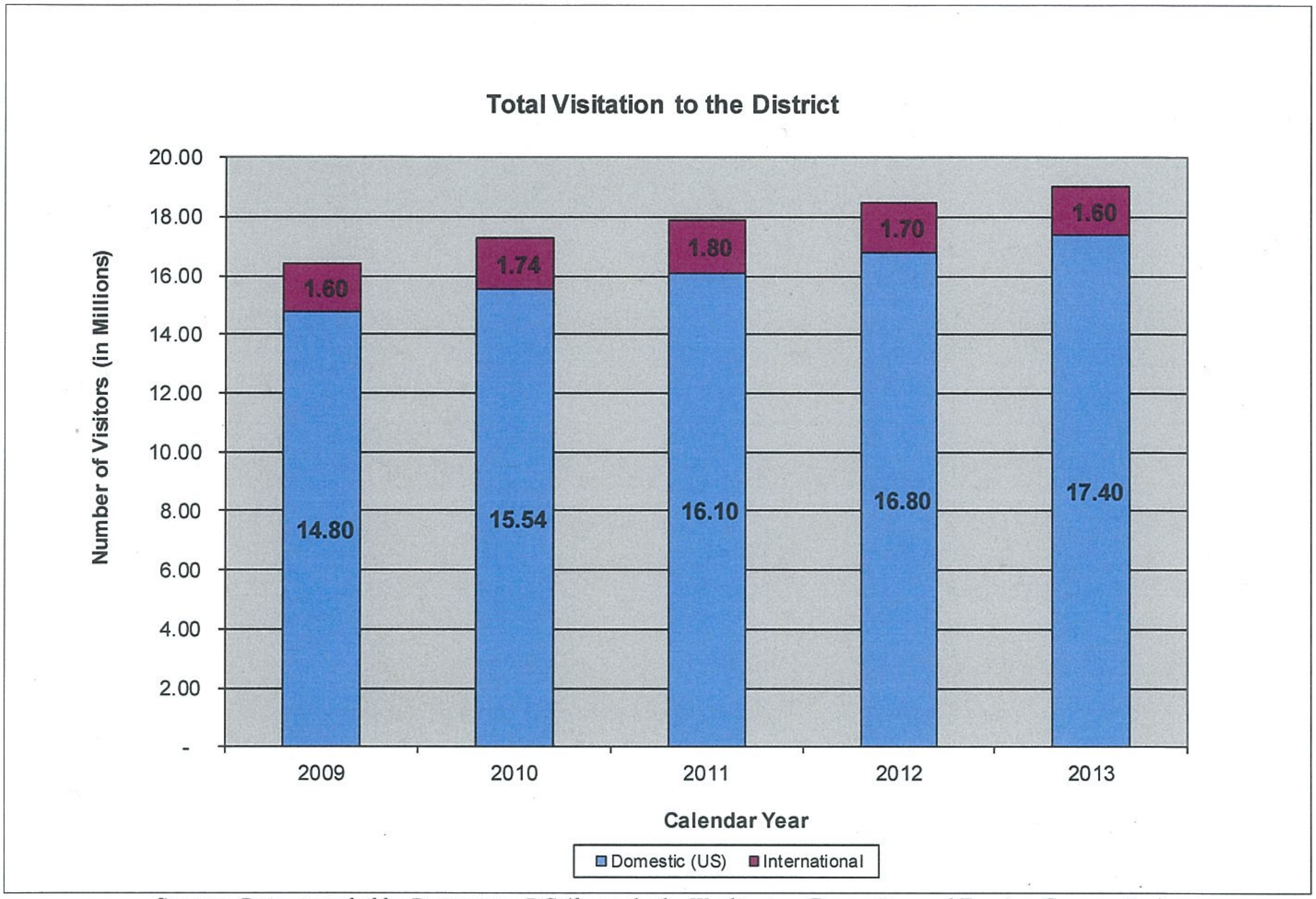
(a) Unemployment claims for metropolitan area not available

Tourism and Hospitality

Millions of U.S. citizens and international tourists visit the District's more than 400 museums and other historical landmarks each year. Popular attractions include sites along the National Mall, numerous monuments to U.S. presidents, war memorials, and other museums. The presence of a large number of foreign embassies, recognized diplomatic missions, and other international organizations in the District helps to boost tourism. In calendar year 2013, approximately 17.4 million domestic visitors and 1.6 million international visitors traveled to the District. During calendar year 2013, the District was the eighth most visited destination in the U.S. for international travelers. **Chart T2** presents the trends in tourism for calendar years 2009 through 2013. Tourism data for calendar year 2014 is not yet available.

Visitor spending, which totaled approximately $6.69 billion in 2013, generated additional business activity in related industries (*e.g.,* hotel, restaurant, and retail) and continues to help sustain the local and regional economies. The distribution of visitor spending in 2013 (by category) was as follows: $2.28 billion for Lodging; $1.87 billion for Food and Beverage; $1.12 billion for Entertainment; $817 million for Shopping/Retail; and $601 million for Transportation. Total visitor spending increased by $48 million, or 7.7%, over the prior year. Hotel occupancy was approximately 80.7% at September 30, 2014. Travel and tourism supported 75,741 jobs in the District, generating approximately $3.65 billion in wages.

Chart T2 – Trends in District Tourism (2009 – 2013)



Source: Data compiled by Destination DC (formerly the Washington Convention and Tourism Corporation)

Construction - Commercial Real Estate

Construction of commercial real estate slowed during calendar year 2014. At September 30, 2014, commercial space under construction in the District totaled 1.27 million square feet as compared to 2.42 million square feet at the end of September 2013. Over the one-year period between 2013 and 2014, leased commercial office space increased from 93.72 million square feet to 94.20 million square feet and the vacancy rate (including sublet) within the District decreased from 14.2% at the end of 2013 to 12.9% at the end of 2014.

Construction – Housing Units

For the 12-month period ended September 30, 2014, 4,467 housing unit building permits were issued. This represents a 15.9% increase over the prior 12-month period. **Table T3** presents the number of apartment units located in the District in 2010 through 2014.

In calendar year 2014, there were 98,610 apartment units in the District, of which 91,356, or 92.6%, were occupied. It is anticipated that approximately 1,946 new apartment units will be added to the inventory between calendar years 2014 and 2015, and occupancy will grow by 1,882 units.

Table T3 - District Apartment Units (2010 – 2014)

	2010	2011	2012	2013	2014
Inventory	88,360	88,817	90,688	93,333	98,610
Occupied Units	83,477	84,632	86,737	88,377	91,356

Note: Prior years' data has been revised

THE DISTRICT'S BOND RATINGS

Rating agencies assess the credit quality of municipal issuers and assign credit rating to issuers based on the outcome of their assessments. Consequently, rating agencies provide vital information to investors regarding the relative risks associated with rated bond issues. Attaining an acceptable credit rating is important to an issuer because it allows the issuer to more easily access the market and reduce borrowing cost.

The three primary agencies that rate municipal debt are: (1) Fitch Ratings; (2) Moody's Investors Service; and (3) Standard & Poor's Rating Service. The District's ratings for its bonds have remained high over the last several years. **Table T4** presents the District's ratings for the past five years for its General Obligation Bonds and Income Tax Secured Revenue Bonds. Fitch Ratings and Standard &Poor's upgraded the District's General Obligation Bonds from AA- to AA in September of 2014.

LONG-TERM FINANCIAL PLANNING

As a result of improved financial management practices over the years, the District has been able to develop and operate within more disciplined budgets and address issues faced during the most challenging economic times. Accordingly, District officials have developed and implemented a plan for maintaining a strong, stable financial environment, which includes: developing a five-year operating financial plan and a six-year capital improvements plan; monitoring and analyzing the District's quarterly revenue estimates and making spending adjustments throughout the year, as necessary; identifying sound measures to enhance revenue streams; and developing and implementing plans to minimize costs without sacrificing essential programs or services.

Table T4 – Bond Rating History (Last Five Fiscal Years)

	General Obligation Bonds				
	2010	**2011**	**2012**	**2013**	**2014**
Fitch Ratings	AA-	AA-	AA-	AA-	AA
Moody's Investors Service	Aa2	Aa2	Aa2	Aa2	Aa2
Standard & Poor's Rating Service	A+	A+	A+	AA-	AA

	Income Tax Secured Revenue Bonds				
	2010	**2011**	**2012**	**2013**	**2014**
Fitch Ratings	AA+	AA+	AA+	AA+	AA+
Moody's Investors Service	Aa1	Aa1	Aa1	Aa1	Aa1
Standard & Poor's Rating Service	AAA	AAA	AAA	AAA	AAA

MAJOR INITIATIVES

Many initiatives and projects have been completed, are in progress, or have been planned which will help sustain the District's economy and produce strong financial results. Several of the District's major initiatives and projects are presented in **Tables T5** and **T6**.

Table T5 – Top Projects Completed (by Economic Sector)

Project	Location	Square Footage/Units	Estimated Value (in $000s)	Delivery Date
Retail:				
The Shops at Georgetown Park	3222 M Street, N.W.	330,000	$ 32,000	4th Qtr 2013
CityCenter DC	9th, 10th, 11th, H, & I Streets, N.W.	185,000	$ 700,000	4th Qtr 2013
Walmart on Georgia Avenue	5929 Georgia Avenue, N.W.	106,000	Not Provided	4th Qtr 2013
Cathedral Commons	3336 & 3400-3430 Wisconsin Avenue, N.W.	125,000	$ 130,000	3rd Qtr 2014
Office:				
CityCenter DC	9th, 10th, 11th, H, & I Streets, N.W.	515,000	$ 700,000	4th Qtr 2013
GSA Headquarters (Phase I)	1800 F Street, N.W.	387,824	$ 161,000	4th Qtr 2013
Sentinel Square (Phase II)	1050 1st Street, N.E.	265,480	$ 110,000	4th Qtr 2013
Association of American Medical Colleges	655 K Street, N.W.	273,200	$ 115,000	2nd Qtr 2014
Residential:				
CityCenter DC	9th, 10th, 11th, H, & I Streets, N.W.	674 units	$ 700,000	4th Qtr 2013
Monroe Street Market	700-800 blocks of Monroe Street, N.E.	562 units	$ 150,000	4th Qtr 2013
City Market at O Street	1400 7th Street, N.W.	497 units	$ 300,000	4th Qtr 2013
Elevation at Washington Gateway	100 Florida Avenue, N.E.	400 units	$ 130,000	3rd Qtr 2014
Hospitality:				
Hilton Garden Inn	2201 M Street, N.W.	238 rooms	$ 33,000	1st Qtr 2014
Convention Center Hotel (Marriott Marquis)	901 Massachusetts Avenue, N.W.	1,175 rooms	$ 520,000	2nd Qtr 2014
City Market at O Street (Cambria Suites)	1400 7th Street, N.W.	182 rooms	$ 280,000	2nd Qtr 2014
Education and Medical:				
Ballou Senior High School	3401 4th Street, S.E.	365,000	$ 130,000	3rd Qtr 2014
KIPP	1375 Mount Olivet Road, N.E.	100,000	$ 25,000	3rd Qtr 2014

Table T6 – Projects Under Construction

Project	Location	Retail Square Footage/Units	Estimated Value (in $000s)	Estimated Delivery Date
Retail:				
Fort Totten Square	South Dakota Avenue & Riggs Road, N.E.	130,000	$ 120,000	2nd Qtr 2015
Office:				
601 Massachusetts Avenue	601 Massachusetts Avenue, N.W.	460,500	$ 150,000	4th Qtr 2015
U.S. Department of Homeland Security Headquarters	St. Elizabeth's West Campus	1,180,000 (Phase I)	$ 3,400,000	2026
Residential:				
Park Chelsea	880 New Jersey Avenue, S.E.	432 units	$ 150,000	1st Qtr 2015
Capitol Place	777 2nd Street, N.E.	375 units	$ 190,000	1st Qtr 2015
Fort Totten Square	South Dakota Avenue & Riggs Road, N.E.	345 units	$ 120,000	2nd Qtr 2015
Hospitality:				
National Museum of African-American History & Culture	The National Mall	350,000	$ 309,000	4th Qtr 2015
Trump International Hotel, The Old Post Office	1100 Pennsylvania Avenue, N.W.	270 rooms	$ 200,000	2016
The Wharf (Phase I)	Southwest Waterfront	683 rooms	$ 1,500,000	2017
Education and Medical:				
UDC Student Center	4200 Connecticut Avenue, N.W.	87,000	$ 40,000	2015
New Sibley	5255 Loughboro Road, N.W.	439,000	$ 200,000	3rd Qtr 2016

Office and Hospitality Projects:

- **The Wharf – Washington, D.C. Waterfront**

The Wharf is a $2 billion mixed-use development project that is under way on the Washington, D.C. waterfront. This project is one of the region's largest redevelopment opportunities and will transform the underutilized Southwest Waterfront into an urban destination that mixes maritime activity and commerce with culture and housing with easy walking distance to the National Mall.

The Wharf site is comprised of 24 acres, with a total of 3.2 million square feet of buildable area along one mile of the historic Washington Channel. The development plan includes building new restaurants, shops, condominiums, hotels, high-quality entertainment venues, marinas, a waterfront park, and an expanded riverfront promenade with public access to the water. The waterfront area will be bike and pedestrian-friendly and is expected to become a commercial anchor for the community and those who visit the nation's capital's monuments and museums.

Construction at The Wharf began in 2014 and the first phase is projected to open in 2017. Phase I, with a building area of more than 1.9 million square feet, is expected to cost about $775 million and will include: 620 apartments; 290 condominiums; 175,000 square feet of retail; an 11-story office building; and three hotels, including a 268-room InterContinental Hotel. Phase I will also include 20 bars, restaurants, and cafes, a movie theater, and a 6,000 seat concert hall.

- **Trump International Hotel, Washington, D.C. (The Old Post Office)**

The Old Post Office Pavilion is a historic building located at 1100 Pennsylvania Avenue, N.W. in Washington, D.C. Completed in 1899, it was used as the city's main post office until 1914. Since that time, the building has been used primarily as office space for several government agencies. Major renovations occurred in 1976 and 1983. The 1983 renovation added a food court and retail space and an addition to the building was built in 1991.

In March 2011, the U.S. General Services Administration (GSA) issued a request for proposals for the redevelopment of the property. In February 2012, Trump Hotel Collection was selected by GSA as the developer of The Old Post Office. In 2013, GSA leased the property to The Trump Organization for 60 years. The leased property will be developed into a luxury hotel to be named The Trump International Hotel, Washington, D.C.

Trump International Hotel, Washington, D.C. will feature 270 richly furnished guestrooms, averaging more than 600 square feet, with lofty 16-foot ceilings, soaring windows, restored historic millwork, and

glittering crystal sconces and chandeliers. In addition, two Presidential Suites will be located in the historic former offices of the Postmaster General. At 3,500 and 5,000 square feet, the three-bedroom suites will be among the largest in the country. The suites will feature: an oversized master bedroom suite with windows on three exposures offering views of the U.S. Capitol and the Washington Monument; a formal dining room with original fireplace; a pantry/kitchen for use during extended stays; a service entry; walk-in closets; exercise room; and a shower and steam-room.

Trump International Hotel, Washington, D.C. will offer a total of 36,000 square feet of meeting and event space, including an opulent 13,000-square-foot Grand Ballroom. The Grand Ballroom will include classical motifs with European influences and will be suited for a variety of meetings, conferences, weddings, and social events.

The 11th Street entrance on Pennsylvania Avenue will be reinstated to serve as the driveway to the hotel's canopied grand entrance. The property's ground level will include world-class restaurants and luxury retailers located at both corners of the building on Pennsylvania Avenue. Guests of the hotel will also experience a 5,000 square-foot super luxury spa and state-of-the-art fitness center.

The transformation of The Old Post Office is scheduled to be completed in 2016.

- **D.C. United Soccer Stadium:**

The Council of the District of Columbia has approved the use of public funds to help build a 20,000 to 25,000-seat stadium for Major League Soccer's D.C. United. This world-class soccer stadium is to be located in the Buzzard Point area of Southwest D.C., adjacent to the Fort McNair Army base, bounded by Half Street and Second Street, S.W.

Approximately $140 million in District funding for the stadium project has been approved, comprised of $33 million in shifts from other projects and $106 million in new borrowing. This funding is intended to cover roughly $89 million in land acquisition costs, plus $46 million in costs to clear the stadium site and prepare the necessary infrastructure. Also included are $4.5 million in community benefits, most of which is for the establishment of a Circulator bus route in the area. The public cost for the land and infrastructure is capped at $150 million; however, the latest estimate of such costs is $133 million. The team's owners are to finance the construction of the stadium. The total investment for the project (infrastructure and construction) is estimated to be $300 million.

The stadium is expected to open for the 2017 Major League Soccer season.

- **U.S. Department of Homeland Security Headquarters (St. Elizabeth's West Campus)**

In September 2009, the U.S. Department of Homeland Security (DHS) and the U.S. General Services Administration broke ground on the $3.4 billion consolidated DHS headquarters, on the west campus of the old St. Elizabeth's Hospital. The first phase of this project was the new energy-efficient, 1.18 million square foot Coast Guard headquarters facility. The U.S. Coast Guard began moving into its new headquarters in August 2013 and completed the relocation from the old Buzzards Point facility by the end of calendar year 2013. The new headquarters facility houses approximately 3,700 Coast Guard employees.

The planned DHS consolidated headquarters will house approximately 14,000 employees working in the following DHS components: Transportation Security Administration, Customs and Border Protection, Immigration and Customs Enforcement, and the Federal Emergency Management Administration. Construction of the massive centralized headquarters is more than $1.5 billion over budget. As originally planned, the complex was to be completed in 2014; however, funding shortfalls and other problems have pushed the estimated completion date back to 2026. Nonetheless, efforts are underway to secure funding to complete a second building to house the DHS Secretary and top staffers, along with a highway interchange needed to prevent traffic to/from the complex from overwhelming the nearby Congress Heights and Anacostia neighborhoods.

Transportation Projects:

- **D.C. Streetcar:**

The District plans to build a $1.5 billion network of eight streetcar lines throughout the city by 2020, providing transit links in areas currently lacking Metrorail access. Construction on the project began in 2008. The first line will be along H Street/Benning Road in the Northeast area of the District.

The District owns six streetcars that will ultimately serve the system. These streetcars were built by two manufacturers to very similar designs. The District purchased its first "modern streetcars" in late 2009. The first three streetcars were built in the Czech Republic by Inekon Trams in 2007. The second set of streetcars was built in the United States in 2013 by United Streetcar of Oregon.

The streetcars are approximately eight feet wide and approximately 66 feet long, about 10 inches narrower than,

and one-third the length of, a light rail double car train. The modern streetcars are able to operate in mixed traffic and can easily accommodate existing curbside parking and loading.

Approximately 80% of the construction for the H Street/Benning Road line was completed in 2011 as part of the Great Streets project. The remaining 20% of the work began in December 2012 and has since been completed. After constructing the streetcar turnarounds and the car barn training center, installing poles, overhead wires and tracks, and completing the final roadwork for the turnarounds, the testing and commissioning process began. Testing and commissioning ensures that the streetcars are safe for the public and that drivers are trained and experienced before service begins. This process also helps in preparing for certification for operation by the Federal Transit Administration. As of November 2014, streetcars continued to mimic service without actually carrying passengers in order to prepare for full operations on the H Street/Benning Road line.

It is anticipated that the H Street/Benning Road line will open for full service to passengers in early 2015. Additional information on this line and other planned streetcar lines within the District may be obtained from the District Department of Transportation, 55 M Street, S.E., Suite 400, Washington, D.C. 20003 or by visiting the following website: http://ddot.dc.gov.

- **Capital Bikeshare:**

In September 2010, the District launched Capital Bikeshare, a regional bike sharing network which now includes over 2,500 bicycles throughout the District; Arlington, and Alexandria, Virginia; and Montgomery County, Maryland. Bikes are docked at bike stations where they remain locked to racks until a Capital Bikeshare member releases one for use. Anyone can become a Bikeshare member by paying the following fees: for 24 hours, $7; for 3 days, $15; one month, $25; or for a full year, $75. An annual membership which will be paid in monthly installments costs $84 ($7 per month.)

Members who sign up for longer than a day receive palm-size bar-coded cards. These cards are slipped into a slot to release a bike. The first 30 minutes of each ride are free, after which an additional fee consistent with the Capital Bikeshare fee schedule is assessed.

For more information on Capital Bikeshare, including membership and fees, visit: http://capitalbikeshare.com.

The District has also implemented projects and initiatives that focus on protecting the environment. One such initiative is described more fully below:

- **Anacostia River Clean Up and Protection Fund/ Carryout Bag Fees:** During fiscal year 2010, the District established the Anacostia River Clean Up and Protection Fund, which is to be used solely to fund efforts to clean and protect the Anacostia River and the other impaired waterways.

  In January 2010, to help fund such efforts, the District began levying a five-cent "bag tax" on District consumers. A consumer making a purchase from a retail establishment within the District must pay, at the time of purchase, a fee of five cents for each disposable carryout bag he or she receives. During fiscal year 2014, the District collected approximately $2.1 million in bag taxes. Since the inception of the tax in 2010, the District has collected more than $9.4 million in such taxes.

The District makes every effort to implement initiatives that will enhance the quality of services to District residents and the general public. Over the last several years, the District has introduced numerous innovative initiatives to improve service delivery, some of which included the following:

- **Electronic Payment of Taxi Fares**: With the passage of the Taxicab Service Improvement Act of 2012, the District's taxicab fleet was required to be modernized by making vehicle and equipment improvements, which included a meter system that facilitates non-cash payment of taxicab fares, through the use of credit cards, debit cards, and other generally acceptable means of purchasing goods and services. The meter system was required to also allow the automatic printing of receipts for passengers. Such meters are designed to collect trip-sheet data and produce electronic manifests for drivers through the use of GPS technology. In addition, taxicab modernization also includes smart phone applications that will open up new links between passengers and drivers.

  Installation of the new payment system began on June 1, 2013. Beginning on September 1, 2013, each taxicab is required to operate only with a modern taximeter system. All taximeter systems were required to include a passenger console not later than December 1, 2013. By June 1, 2014, a safety feature was to be added to all taximeter systems that allows a passenger to send a real-time notification to the Office of Unified Communications that he or she is reporting a threat to his or her safety.

- **DC311 Smartphone App:** In April 2012, the District launched the DC311 free Smartphone App, which may be used by residents to report up to 80 different common, non-emergency quality-of-life issues, such as potholes, graffiti, downed trees, and streetlight

outages. The DC311 App may also be used to upload pictures and track the status of requests made. In addition, a mapping function may be used to determine where requests have been made.

The DC311 Smartphone App, together with the Citywide Call Center and 311 Online, offer ways by which the community can report non-emergency problems that need to be rectified. Information from each of these sources is funneled into one centralized database for monitoring and resolution.

- **Pay-By-Phone Parking:** The Pay-By-Phone Parking initiative, designed to make parking in the District more convenient, was implemented in fiscal year 2011.

  The District Department of Transportation rolled out the pay-by-phone parking program on a District-wide basis to enable residents, workers, and visitors to use their mobile telephones to pay for parking at all of the District's approximately 17,000 on-street metered spaces. Pay-by-phone parking gives drivers another convenient payment option. Instead of feeding cash or a credit card into a meter, transactions may be completed by telephone, on the Internet, or by using a mobile application ("app") (available for the iPhone, Android, and Blackberry).

Additional information about these and other initiatives within the District may be obtained from the following:

- **Office of the Deputy Mayor for Planning & Economic Development**
  John A. Wilson Building
  1350 Pennsylvania Avenue, N.W., Suite 317
  Washington, D.C. 20004
  Telephone: (202) 727-6365
  Website: http://dmped.dc.gov

- **District Department of Transportation**
  55 M Street, S.E., Suite 400
  Washington, D.C. 20003
  Telephone: (202) 673-6813
  Website: http://ddot.dc.gov

- **Office of Planning**
  1100 Fourth Street, S.W., Suite E650
  Washington, D.C. 20024
  Telephone: (202) 442-7600
  Website: http://planning.dc.gov

- **Department of Parks and Recreation**
  1250 U Street, N.W.
  Washington, D.C. 20009
  Telephone: (202) 673-7647
  Website: http://dpr.dc.gov

- **Department of General Services**
  2000 14th Street, N.W., 8th Floor
  Washington, D.C. 20009
  Telephone: (202) 727-2800
  Website: http://dgs.dc.gov

- **U.S. General Services Administration**
  1800 F Street, N.W.
  Washington, D.C. 20405
  Telephone: (202) 501-0705
  Website: http://www.gsa.gov

AWARDS AND ACKNOWLEDGMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District of Columbia for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. The District has received this award for 30 of the last 32 years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the fiscal year 2014 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also earned an award from GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended September 30, 2013, for the eleventh consecutive year. The PAFR presents the District's financial results in a format and language that allows information to be more easily understood by the general public. The PAFR is not required to present the same level of detail as the CAFR. It contains very few financial statements, less technical language, and more graphics and photographs.

Like the Certificate of Achievement, the Award for Popular Annual Financial Reporting is valid for one year only. The District expects that the fiscal year 2014 PAFR, which will be issued within 30 days after the CAFR is completed, will conform to the Award for Popular Annual Financial Reporting Program requirements. It will also be submitted to the GFOA to determine its eligibility for another award.

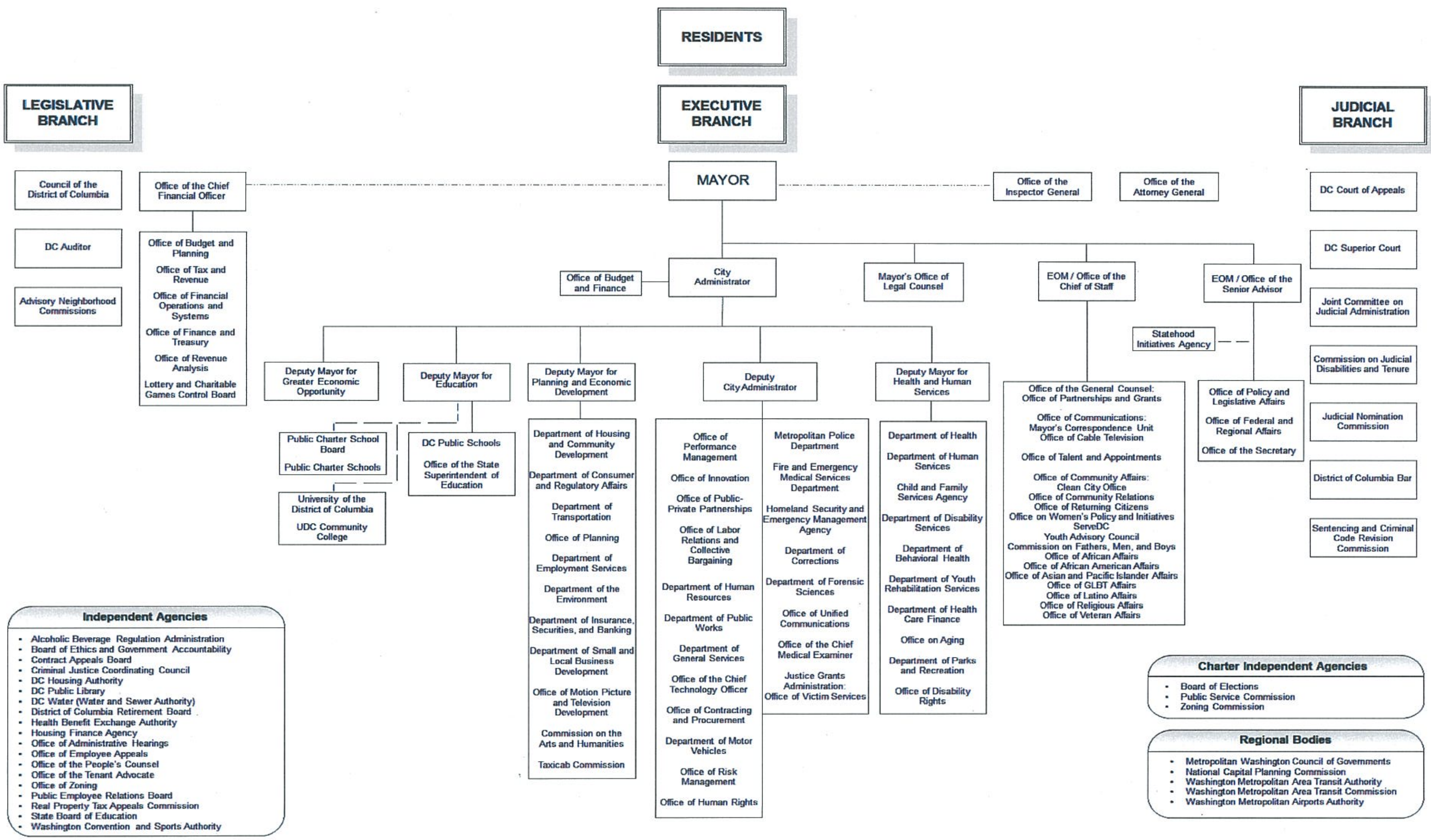
Acknowledgments

I would like to thank the District's accounting/finance staff who worked diligently to account for and report on the District's business activities and maintain the city's official "books" of accounting records. I greatly appreciate their efforts, which contribute significantly to the timely preparation of the CAFR. I want to thank my immediate staff, *Diji Omisore, Cassandra Alexander, Tong Yu, David Pivec, Wilma Matthias, Chris LaCour, Vanessa Jackson,* and their respective teams. I am grateful for their dedicated efforts. I would also like to thank the Office of the Inspector General, and the District's independent auditors, KPMG LLP, assisted by Bert Smith & Company, for their efforts throughout the audit engagement.

Respectfully submitted,

Bill Slack
Deputy Chief Financial Officer
Financial Operations and Systems

GOVERNMENT OF THE DISTRICT OF COLUMBIA



DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS
September 30, 2014

ELECTED OFFICIALS

Name	Position	First Took Office	Term Expires
Chief Executive Officer			
Vincent C. Gray	Mayor	2011	2015
Council			
Phil Mendelson	Chairman	1999	2015
Anita Bonds	At Large	2012	2015
David Catania	At Large	1997	2015
David Grosso	At Large	2013	2017
Vincent Orange	At Large	2011	2017
Jim Graham	Ward 1	1999	2015
Jack Evans	Ward 2	1991	2017
Mary M. Cheh	Ward 3	2007	2015
Muriel Bowser	Ward 4	2007	2017
Kenyan McDuffie	Ward 5	2012	2015
Tommy Wells	Ward 6	2007	2015
Yvette M. Alexander	Ward 7	2007	2017
Marion Barry, Jr.	Ward 8	2005	2017
House of Representatives			
Eleanor Holmes Norton	Delegate	1991	2015

EXECUTIVE OFFICERS

Name	Position
Irvin B. Nathan	Attorney General
Charles J. Willoughby	Inspector General
Allen Lew	City Administrator
Kaya Henderson	Chancellor for D.C. Public Schools
Cynthia Brock-Smith	Secretary of the District of Columbia
Abigail Smith	Deputy Mayor for Education
Victor L. Hoskins	Deputy Mayor for Planning and Economic Development
Jeffrey S. DeWitt	Chief Financial Officer
Angell Jacobs	Deputy CFO/Chief of Staff
Gordon McDonald	Deputy CFO, Budget and Planning
Bill Slack	Deputy CFO, Financial Operations and Systems
Jeffrey Barnette	Deputy CFO, Finance and Treasury
Fitzroy Lee	Deputy CFO, Revenue Analysis
Stephen Cordi	Deputy CFO, Tax and Revenue
Cyril Byron, Jr.	Associate CFO, Economic Development and Regulation
Mohamed Mohamed	Associate CFO, Governmental Operations
George Dines	Associate CFO, Government Services
Delicia Moore	Associate CFO, Human Support Services
Angelique Hayes	Associate CFO, Public Safety and Justice
Deloras A. Shepherd	Associate CFO, Education
Buddy Roogow	Executive Director, D.C. Lottery

DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS
January 2, 2015

ELECTED OFFICIALS

Name	Position		First Took Office	Term Expires
Chief Executive Officer				
Muriel Bowser	Mayor		2015	2019
Council				
Phil Mendelson	Chairman		1999	2019
Anita Bonds	At Large		2012	2019
David Grosso	At Large		2013	2017
Vincent Orange	At Large		2011	2017
Elissa Silverman	At Large		2015	2019
Brianne Nadeau	Ward 1		2015	2019
Jack Evans	Ward 2		1991	2017
Mary M. Cheh	Ward 3		2007	2019
Vacant	Ward 4	*Special Election to be held April 28, 2015.*		
Kenyan McDuffie	Ward 5		2012	2019
Charles Allen	Ward 6		2015	2019
Yvette M. Alexander	Ward 7		2007	2017
Vacant	Ward 8	*Special Election to be held April 28, 2015.*		
House of Representatives				
Eleanor Holmes Norton	Delegate		1991	2017

EXECUTIVE OFFICERS

Name	Position
Karl A. Racine	Attorney General
Daniel W. Lucas	Inspector General
Rashad M. Young	City Administrator
Kaya Henderson	Chancellor for D.C. Public Schools
Lauren C. Vaughan	Secretary of the District of Columbia
Abigail Smith	Deputy Mayor for Education
Susan Longstreet	Interim Deputy Mayor for Planning and Economic Development
Jeffrey S. DeWitt	Chief Financial Officer
Angell Jacobs	Deputy CFO/Chief of Staff
Gordon McDonald	Deputy CFO, Budget and Planning
Bill Slack	Deputy CFO, Financial Operations and Systems
Jeffrey Barnette	Deputy CFO, Finance and Treasury
Fitzroy Lee	Deputy CFO, Revenue Analysis
Stephen Cordi	Deputy CFO, Tax and Revenue
Cyril Byron, Jr.	Associate CFO, Economic Development and Regulation
Mohamed Mohamed	Associate CFO, Governmental Operations
George Dines	Associate CFO, Government Services
Delicia Moore	Associate CFO, Human Support Services
Angelique Hayes	Associate CFO, Public Safety and Justice
Deloras A. Shepherd	Associate CFO, Education
Buddy Roogow	Executive Director, D.C. Lottery

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

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For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

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2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION

VINCENT C. GRAY
MAYOR
JANUARY 2, 2011 – JANUARY 2, 2015

MURIEL BOWSER
MAYOR
PRESENT

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

Year Ended September 30, 2014

INDEPENDENT AUDITORS' REPORT

KPMG LLP
Suite 12000
1801 K Street, NW Washington, DC 20006

KPMG

Independent Auditors' Report

The Mayor and the Council of the Government of the District of Columbia Inspector General of the Government of the District of Columbia:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the budgetary comparison statement, each major fund, and the aggregate remaining fund information of the Government of the District of Columbia (the District), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the District of Columbia Housing Finance Agency, a discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

KPMG

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison statement for the general and private resources funds for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information presented in the financial section and the introductory and statistical sections, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information presented in the financial section as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

KPMG

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

January 28, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

(Dollar amounts expressed in thousands)

The following is a discussion and analysis of the District of Columbia's (the District's) financial performance for the fiscal year ended September 30, 2014, which includes a narrative overview and analysis of the District's financial activities. This information should be read in conjunction with the transmittal letter, located in the Introductory Section of this report, and the District's basic financial statements and note disclosures, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

- As of September 30, 2014, the District's assets plus deferred outflow of resources exceeded its liabilities plus deferred inflow of resources by $3,833,663. The District had negative unrestricted net position in fiscal year 2014 of $452,815, an improvement of $175,319 over the previous year. Negative unrestricted net position resulted from the recognition of certain long-term liabilities, such as compensated absences and claims and judgments, for which resources are appropriated only during the period when they become due for payment. (See Table MDA-1)

- Total District revenues decreased by $18,192 as a result of decreases and increases in various categories. Decreases related to charges for services and nontax revenues associated with federal funding for extended unemployment benefits and capital grants, as well as declines in revenues from automated traffic enforcement and the lottery. These decreases were largely offset by strong gains in property taxes, deed and estate taxes, and sales and use taxes. Income and business franchise taxes remained flat as a result of strong wage-related income tax growth offset by significant decreases in capital gains taxes. (See Table MDA-2)

- District expenses increased by $189,173 during fiscal year 2014 due mainly to increased spending for human support services. (See Table MDA-2)

- The District's total net position (revenues over expenses) increased by $105,693 driven primarily by increases in revenues from property taxes and deed and estate taxes combined with the implementation of self-imposed cost reduction plans that reduced expenses below budgeted levels. (See Table MDA-2)

- As of September 30, 2014, the District's General Fund reported an increase in fund balance of $124,731 to $1,873,659. Total governmental funds reported combined ending fund balances of $2,408,751, a decrease of $57,841 in comparison with the prior year. The decrease is driven mainly by a decrease in capital fund balances that were drawn down to optimize the timing to issue new bonds for capital projects. (See Table MDA-3)

- The District's total long-term liabilities increased by $309,063, or 3.1%, during fiscal year 2014. This increase resulted, in large part, from the District's issuance of General Obligation Bonds and Income Tax Secured Revenue Bonds during the year to fund infrastructure improvements/capital projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements

In general, the purpose of financial reporting is to provide users of financial statements with information that will help them make decisions or reach conclusions about a reporting entity. Many parties use the District's financial statements; however, they do not always use them for the same purpose. In order to address the needs of as many financial statement users as possible, the District, in accordance with generally accepted accounting principles (GAAP) presents: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements.

Government –Wide Financial Statements

The government-wide financial statements focus on the District's overall financial position and activities, and include a *statement of net position* and a *statement of activities*. These financial statements report on the primary government and its component units. The primary government is further divided into governmental activities and business-type activities.

The purpose of the *statement of net position* is to report all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the fiscal year. The difference between the District's total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources is classified as net position. Total net position is comprised of three components: 1) *net investment in capital assets; 2) restricted;* and *3) unrestricted.* In general, gauging increases or decreases in net position is one way to assess the District's financial position over time. Other factors, such as changes in population, the property tax base, infrastructure conditions, and other non-financial matters, should also be considered when assessing the District's overall financial health.

The purpose of the *statement of activities* is to present the District's revenues and expenses. The difference between revenues and expenses is reported as "change in net position". All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement also include items that will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The *statement of activities* summarizes both the gross and net cost of the governmental activities and business-type activities. Governmental activities include the District's basic functional services which are generally financed through taxes, intergovernmental revenues and other revenues. Business-type activities include enterprise operations which are primarily funded by fees for services which are expected to cover all or most of the costs of operations, including depreciation. Program or functional expenses are reduced by program-specific earned revenues, and by grants and contributions.

The District's government-wide financial statements are presented on pages 42 and 43 of this report.

Fund Financial Statements

Unlike the government-wide financial statements, the fund financial statements focus on specific District activities rather than the District as a whole. Specific funds are established to maintain managerial control over resources or to comply with legal requirements established by external parties, governmental statutes, or regulations. The District's fund financial statements are divided into three categories: (1) governmental funds; (2) proprietary funds; and (3) fiduciary funds.

Financial statements of the governmental funds consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balance. These statements are prepared using a basis of accounting which differs from that used to prepare the government-wide statements. Financial statements of the governmental funds focus primarily on the sources, uses, and balances of current financial resources and use the modified accrual basis of accounting. However, government-wide financial statements focus on all of the District's economic resources and use the full accrual basis of accounting. Financial statements of the governmental funds have a short-term emphasis, and generally measure and account for cash and other assets that can easily be converted to cash. As such, these statements present the District's financial position at the end of the fiscal year and how the governmental activities were financed during the year.

The balances and activities accounted for in governmental funds are also reported in the governmental activities column of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements and government-wide financial statements, there are often significant differences in the totals presented in these statements. Therefore, an analysis is presented at the bottom of the balance sheet of the governmental funds, which reconciles the total fund balances to the amount of net position presented in the governmental activities column of the statement of net position. In addition, there is an analysis following the statement of revenues, expenditures, and changes in fund balances that reconciles the total net change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column of the government-wide statement of activities.

The District identified its nonspendable fund balance and further classified spendable fund balance as restricted, committed, assigned, or unassigned based on the relative strength of the constraints controlling how specific amounts may be used.

The District presents funds that are significant to the District (major funds) in separate columns. All other governmental funds are aggregated and reported in a single column (nonmajor funds).

The financial statements of the District's governmental funds are presented on pages 44 through 47 of this report.

Financial statements of the proprietary funds consist of a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows. These statements are prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements.

The District's proprietary funds are used to account for the activities of District entities that charge customers fees for the services provided. The financial statements of the District's proprietary funds present the changes in financial position and condition of the District's two major proprietary funds, the D.C. Lottery & Charitable Games Control Board and the Unemployment Compensation Fund.

The Unemployment Compensation Fund is reported as a proprietary fund similar to a public entity risk pool because the District is required by law to recover its costs.

The financial statements of the District's proprietary funds are presented on pages 48 through 50 of this report.

Financial statements of the fiduciary funds consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. These statements are prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements. Assets held by the District (either as a trustee or as an agent) for other parties, that cannot be used to finance the District's operating programs, are reported in the fiduciary funds. The District is responsible for ensuring that the activities reported in the fiduciary funds are consistent with each fund's intended purpose.

The financial statements of the District's fiduciary funds are presented on pages 51 and 52 of this report.

Component Units

Combining financial statements, presented on pages 53 and 54 report the financial data for the District's discretely presented component units.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements, which begin on page 55, present additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress toward funding its obligation to provide pension and other postemployment benefits to District employees. Required supplementary information can be found on pages 129 through 132 of this report.

Financial statements of individual funds, combining statements (in connection with nonmajor governmental funds), and supporting schedules are presented immediately following the required supplementary information on postemployment benefits. Financial statements of individual funds and combining statements and schedules can be found in the other supplementary information section presented on pages 133 through 159 of this report.

OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND OPERATIONS

The District's overall financial position improved as a result of the year's activities. The District's financial position and operations for the past two fiscal years are summarized in **Tables MDA-1 and MDA-2**. The information for fiscal years 2013 and 2014 is based on the government-wide financial statements presented on pages 42 and 43 of this report.

Table MDA-1 - Net Position as of September 30, 2014

	Governmental activities		Business-type activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 4,317,320	$ 4,811,391	$ 317,918	$ 323,173	$ 4,635,238	$ 5,134,564
Capital assets	11,410,052	10,899,939	270	427	11,410,322	10,900,366
Total assets	15,727,372	15,711,330	318,188	323,600	16,045,560	16,034,930
Deferred outflow of resources	55,067	50,275	-	-	55,067	50,275
Long-term liabilities	10,223,046	9,910,463	6,680	10,200	10,229,726	9,920,663
Other liabilities	1,955,134	2,369,462	46,581	67,110	2,001,715	2,436,572
Total liabilities	12,178,180	12,279,925	53,261	77,310	12,231,441	12,357,235
Deferred inflow of resources	35,523	-	-	-	35,523	-
Net position:						
Net investment in capital assets	2,830,199	2,849,043	270	427	2,830,469	2,849,470
Restricted	1,195,364	1,264,682	260,645	241,952	1,456,009	1,506,634
Unrestricted	(456,827)	(632,045)	4,012	3,911	(452,815)	(628,134)
Total net position	**$ 3,568,736**	**$ 3,481,680**	**$ 264,927**	**$ 246,290**	**$ 3,833,663**	**$ 3,727,970**

Table MDA- 2 - Change in Net Position for the year ended September 30, 2014

	Governmental activities		Business-type activities		Totals		
	2014	2013	2014	2013	2014	2013	Variance
Revenues:							
Program revenues:							
Charges for services	$ 501,386	$ 531,215	$ 216,040	$ 242,460	$ 717,426	$ 773,675	$ (56,249)
Operating grants and contributions	3,368,565	3,277,118	9,766	32,790	3,378,331	3,309,908	68,423
Capital grants and contributions	178,218	270,813	-	-	178,218	270,813	(92,595)
General revenues:							
Property taxes	2,118,198	2,012,788	-	-	2,118,198	2,012,788	105,410
Sales and use taxes	1,282,573	1,247,374	-	-	1,282,573	1,247,374	35,199
Income and franchise taxes	2,094,754	2,094,179	-	-	2,094,754	2,094,179	575
Other taxes	812,893	746,160	141,760	131,025	954,653	877,185	77,468
Non tax revenues	506,045	586,168	27,584	103,884	533,629	690,052	(156,423)
Total revenues	**10,862,632**	**10,765,815**	**395,150**	**510,159**	**11,257,782**	**11,275,974**	**(18,192)**
Expenses:							
Governmental direction and support	929,313	993,774	-	-	929,313	993,774	(64,461)
Economic development and regulation	416,670	460,082	-	-	416,670	460,082	(43,412)
Public safety and justice	1,568,899	1,497,016	-	-	1,568,899	1,497,016	71,883
Public education system	2,221,519	2,224,946	-	-	2,221,519	2,224,946	(3,427)
Human support services	4,336,730	4,086,722	-	-	4,336,730	4,086,722	250,008
Public works	651,221	603,423	-	-	651,221	603,423	47,798
Public transportation	309,436	284,851	-	-	309,436	284,851	24,585
Interest on long-term debt	396,754	382,530	-	-	396,754	382,530	14,224
Lottery and games	-	-	161,144	173,927	161,144	173,927	(12,783)
Unemployment compensation	-	-	160,403	255,645	160,403	255,645	(95,242)
Total expenses	**10,830,542**	**10,533,344**	**321,547**	**429,572**	**11,152,089**	**10,962,916**	**189,173**
Increase in net position before transfers	**32,090**	**232,471**	**73,603**	**80,587**	**105,693**	**313,058**	**(207,365)**
Transfers in (out)	54,966	68,314	(54,966)	(68,314)	-	-	-
Change in net position	87,056	300,785	18,637	12,273	105,693	313,058	(207,365)
Net position - Oct 1	3,481,680	3,180,895	246,290	234,017	3,727,970	3,414,912	313,058
Net position - Sept 30	**$ 3,568,736**	**$ 3,481,680**	**$ 264,927**	**$ 246,290**	**$ 3,833,663**	**$ 3,727,970**	**$ 105,693**

Please refer to Note 1W – *Reconciliation of Government-Wide and Fund Financial Statements*, on page 75 for additional information on the differences between the two bases of accounting that the District used in this report.

Financial Analysis of the Government as a Whole

The District's combined net position (governmental and business-type activities) increased by $105,693 or 2.8%, from $3,727,970 in fiscal year 2013 to $3,833,663 in fiscal year 2014. Revenues remained relatively flat over the one-year period, decreasing by $18,192, from $11,275,974 in fiscal year 2013 to $11,257,782 in fiscal year 2014. Program revenues decreased by $80,421, or 1.8% due to declines in revenues associated with certain traffic enforcement initiatives and grants for various transportation projects while general revenues increased by $62,229, or 0.9% due to increases in property taxes. Expenses increased by $189,173, or 1.7%. The most significant increase in expenses was in human support services, which grew by $250,008 due to costs incurred as the District continued to implement the Patient Protection and Affordable Care Act. Costs associated with changes in Medicaid policy also contributed to increased human support services expenditures.

Restricted net position represents assets that are subject to use constraints imposed either: (a) externally by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments; or (b) by law, through constitutional provisions or enabling legislation. Restricted net position totaled $1,456,009 in fiscal year 2014 and $1,506,634 in fiscal year 2013, representing a decrease of $50,625, or 3.4%.

Total net position of governmental activities was $3,568,736 in fiscal year 2014, which was $87,056 or 2.5% more than total net position of governmental activities in fiscal year 2013, indicating revenues remained above expenses although by a smaller margin than in the prior year. Governmental activities expenses increased by $297,198 from the prior year, resulting from increases associated with changes in Medicaid policy and implementation of provisions of the Affordable Care Act. Governmental activities revenues increased by $96,817 as a result of increased property, sales and use, and deed recordation taxes.

Total net position increased mainly as a result of increases in revenues from property taxes, deed and estate taxes, and sales and use taxes combined with effective management of expenses below budgeted levels. Even though unrestricted net position improved, it continued to be negative in fiscal year 2014 because the District has certain long-term liabilities which are funded on a pay-as-you-go basis. Therefore, resources or assets were not accumulated in advance but were appropriated as these liabilities became due. More specifically, capital fund balances were drawn, together with short term advances from general fund, which are later reimbursed with bond proceeds to optimize the timing for the issuance of long-term bonds used to finance capital projects. Negative unrestricted net position improved by $175,319 to $452,815 in fiscal year 2014 compared to $628,134 in fiscal year 2013.

The Lottery and Charitable Games Control Board (the Lottery), a proprietary fund of the primary government, transfers substantially all of its net income to the District at the end of each fiscal year. In fiscal years 2014 and 2013, the Lottery transferred $54,966 and $68,314 to the District's General Fund, respectively.

Chart MDA-1 graphically depicts the District's sources of revenues in its governmental activities as presented in **Table MDA-2,** *Change in Net Position for the year ended September 30, 2014*, found on page 28.

Chart MDA-1 – Revenues by Source – Governmental Activities

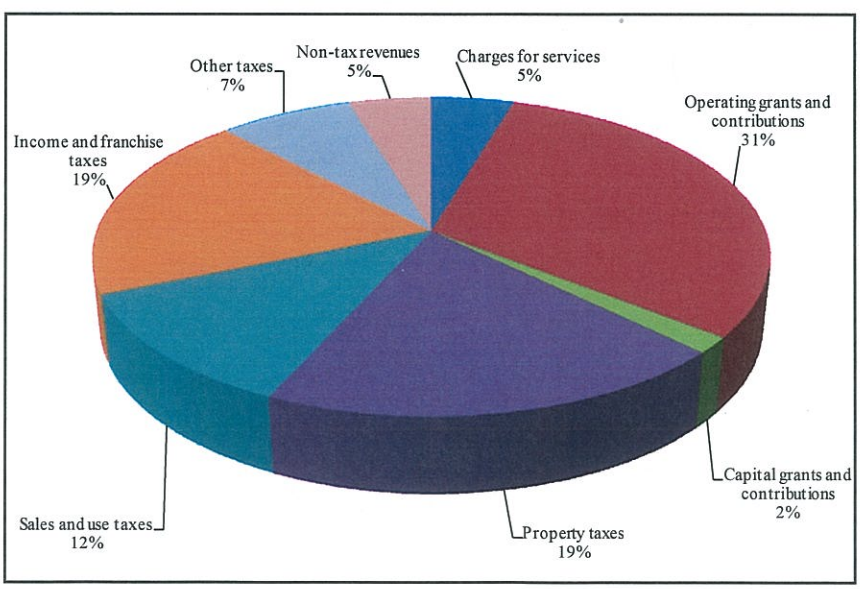
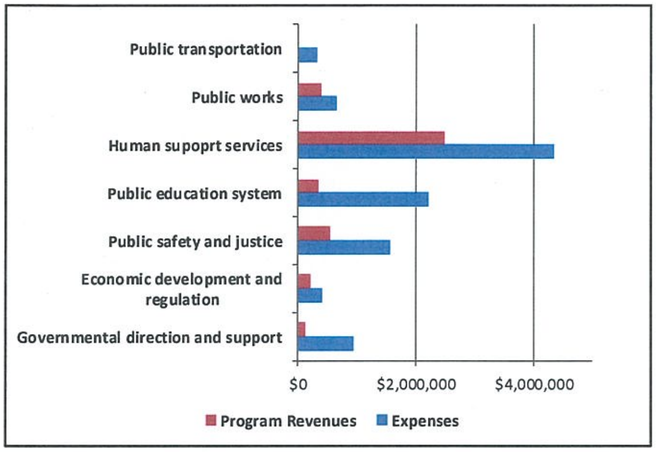


Chart MDA-2 displays both expenses and program revenues of selected governmental activities for the fiscal year. The governmental activities are: governmental direction and support, economic development and regulation, public safety and justice, public education, human support services, public works, and public transportation.

Chart MDA-2 – Governmental Activities Expenses and Program Revenues



Net position of the business type activities increased by $18,637, or 7.6%, between fiscal year 2013 and 2014. Net position increased principally because of a reduction in benefit payments in the unemployment compensation fund resulting from a decline in unemployment.

Reporting on the District's Most Significant Funds

Fund financial statements focus on major funds, instead of fund types. A governmental fund is classified as a major fund if the fund has revenues, expenditures/ expenses, assets plus deferred outflows of resources, or liabilities (excluding extraordinary items) plus deferred inflows of resources that are at least 10% of the corresponding totals for all governmental funds and at least 5% of the aggregate amount for all governmental and proprietary funds for the same item. Major funds, as required by generally accepted accounting principles (GAAP), are presented individually with nonmajor governmental funds combined in a single column. Detailed information for individual nonmajor governmental funds can be found in Other Supplementary Information, Exhibits B-1 and B-2, presented on pages 144 and 145 of this report.

Governmental Funds

The District's governmental funds provide information that is useful when assessing the District's financing needs, such as data pertaining to near-term inflows, outflows, and balances of spendable resources. For instance, the amount of unassigned fund balance may serve as a useful measure of the government's net resources that are available for appropriation/spending as of the end of the fiscal year.

Most basic services are reported in the governmental funds, which are further classified as General, Federal and Private Resources, Housing Production Trust, General Capital Improvements, and Nonmajor Governmental Funds. Please refer to Exhibits 2-a and 2-b presented on pages 44 and 45 for more detailed information about these funds.

Fund Balances: The governmental funds reported a combined fund balance of $2,408,751 in fiscal year 2014 and $2,466,592 in fiscal year 2013, which represents a decrease of $57,841, or 2.3%, from the prior year. The components of the combined fund balance of the governmental funds are presented in **Table MDA-3**.

Table MDA-3 – Comparison of FY 2014 and FY 2013 Fund Balance

	FY 2014 Balance	FY 2013 Balance	Dollar Variance	Percentage Variance
General	$ 1,873,659	$ 1,748,928	$ 124,731	7.1%
Federal and private resources	164,485	170,162	(5,677)	-3.3%
Housing production trust	173,863	139,731	34,132	24.4%
General capital improvements	(114,248)	102,434	(216,682)	-211.5%
Nonmajor governmental funds	310,992	305,337	5,655	1.9%
Total Fund Balance	**$ 2,408,751**	**$ 2,466,592**	**$ (57,841)**	-2.3%

Fund balance in the Federal and Private Resources Fund decreased by $5,677 or 3.3% between fiscal years 2013 and 2014. This relatively moderate decrease in fund balance was due to a 2.3% increase in total revenues, primarily in operating grants, which was nearly offset by a 2.2% increase in expenditures, primarily in Human Support Services. Total revenues in the Federal and Private Resources Fund increased by $77,232 while expenditures increased by $73,025.

Fund balance in the Housing Production Trust Fund increased by $34,132, or 24.4% between fiscal years 2013 and 2014. This increase was due primarily to transfers in from the General Fund.

The General Capital Improvements Fund had the largest variance with a negative balance as of September 30, 2014, as capital funds were drawn down to optimize the timing to issue long-term bonds that were later issued to reimburse these fund balances.

The most significant increase within the governmental funds was in the General Fund, the District's primary operating fund. A more detailed discussion of the District's General Fund follows.

Revenues: General Fund revenues increased by $240,807 in fiscal year 2014. **Table MDA-4** presents the most significant one-year variances in General Fund revenues.

Table MDA-4 – Changes in Major General Fund Revenues

Revenue Category	Fiscal Year 2014	Fiscal Year 2013	Dollar Variance	Percentage Variance
Property taxes	$ 2,104,902	$ 2,012,511	$ 92,391	4.59%
Sales and use taxes	1,245,015	1,194,460	50,555	4.23%
Income and franchise taxes	2,094,754	2,094,179	575	0.03%
Total	**$ 5,444,671**	**$ 5,301,150**	**$ 143,521**	2.71%

Property tax. Increases in property tax revenues were, in large part, attributable to higher assessed values of commercial properties and an increased rate of collection of such taxes. Over the last several years, as a result of the national housing crisis and recession, residential property values have declined and tax assessments have been lower. However, in recent years, collection of residential property taxes has increased moderately as housing prices began to rebound and stabilize.

Sales and use tax. When comparing budgeted and actual amounts for fiscal year 2014, the District's sales and use taxes were less than anticipated as a result of weakness in the economy, the federal government shutdown at the start of the fiscal year, and a relatively harsh winter, all of which deterred spending. However, comparisons of actual sales and use tax revenues for fiscal years 2013 and 2014 show that such taxes increased over the one-year period. This increase was due to stronger (improved) economic growth in fiscal year 2014, particularly growth in personal income, which resulted in increased spending.

Income and franchise taxes. As evidenced by the decline in unemployment and increases in population, more individuals joined the workforce during fiscal year 2014, which resulted in strong increases in total salaries and wages. This increase in the wage-related income taxes was completely offset by decreases in capital gains taxes in fiscal year 2014. In fiscal year 2013, higher than normal capital gains taxes were reported in response to Federal tax policy changes.

Dedicated Revenues

The dedicated portions of tax revenues related to the special revenue funds are recorded directly in those funds. However, dedicated taxes for the Convention Center, Healthcare Programs and Highway Trust Fund are transferred out of the local fund (the major component of the general fund). Healthcare Program activities are recorded in a segregated fund within the general fund. In fiscal year 2014, the District dedicated a total of $456,323 in tax revenues to fund the projects shown in **Table MDA-5.**

Expenditures: The District's general fund expenditures, excluding debt service, increased by $364,372 from the previous year. Variances by program or function are presented in **Table MDA-6**.

Table MDA-5 – Dedicated Local Tax Revenues

		General Fund							Special Revenue Funds			
	Total Dedicated Taxes	Convention Center	Healthcare Programs	Highway Trust Fund	WMATA	Healthy Schools	ABRA	HPTF Debt Service	Tax Increment Financing Program	PILOT Special Revenue	Baseball Project	Housing Production Trust Fund
Property taxes	$ 30,135	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,202	$ 13,933	$ -	$ -
Sales and use taxes	213,795	105,451	-	-	65,350	4,266	1,170	-	21,239	-	16,319	-
Deed recordation	31,227	-	-	-	-	-	-	5,374	-	-	-	25,853
Gross receipts taxes	44,908	-	-	-	-	-	-	-	-	-	44,908	-
Deed transfers	22,781	-	-	-	-	-	-	2,449	-	-	-	20,332
Motor fuel taxes	22,961	-	-	22,961	-	-	-	-	-	-	-	-
Other taxes	90,516	-	90,516	-	-	-	-	-	-	-	-	-
Total taxes	**$ 456,323**	**$ 105,451**	**$ 90,516**	**$22,961**	**$65,350**	**$4,266**	**$1,170**	**$7,823**	**$ 37,441**	**$13,933**	**$61,227**	**$ 46,185**

Table MDA-6 – General Fund Current Expenditure Variances by Function

Program/ Functional Area	Fiscal Year 2014	Fiscal Year 2013	Dollar Variance	Percentage Variance
Governmental direction and support	$ 841,765	$ 748,634	$ 93,131	12.4%
Economic development and regulation	288,002	260,700	27,302	10.5%
Public safety and justice	1,049,808	982,461	67,347	6.9%
Public education system	1,752,794	1,681,634	71,160	4.2%
Human support services	1,822,322	1,783,940	38,382	2.2%
Public works	303,514	261,049	42,465	16.3%
Public transportation	309,436	284,851	24,585	8.6%
Total Functional Expenditures	**$ 6,367,641**	**$ 6,003,269**	**$ 364,372**	6.1%

Explanations for significant variances in General Fund expenditures are presented below:

Governmental Direction and Support – Increased expenditures in Governmental Direction and Support were the result of rising costs associated with managing the maintenance of District properties. Such increases were, in large part, for contractual services for facilities maintenance and security. In addition, spending in this functional area increased as a result of new as well as ongoing communications and technology projects and activities, such as executing a new communications contract for fiber optics and purchasing equipment to enhance the DCNET system. Personnel costs also increased as a result of cost of living adjustments and increased fringe benefits costs.

Economic Development and Regulation - The increased expenditures in Economic Development and Regulation are, in large part, associated with Affordable Housing initiatives to preserve and increase the supply of quality affordable housing, increase homeownership opportunities, revitalize neighborhoods, promote community development and provide economic opportunities. In addition to overall rising personnel costs, there has also been increased spending in the Great Streets Initiative program for the purpose of transforming nine under-invested areas into thriving business and neighborhood centers.

Public Safety and Justice – Increased Public Safety and Justice expenditures were mainly due to the pay-out associated with union contract increases made within the Metropolitan Police Department for police officers and within the Fire and Emergency Medical Services Department for firefighters. In addition, increased expenditures were for contractual services for ambulance billing; costs associated with the fire protection fee for fire hydrants; and the hiring of staff to maintain heavy fire and emergency medical services mobile equipment.

Public Education – Increases in Public Education expenditures were attributable to several factors, some of which included: an increase in the Uniform Per Student Funding Formula, taking into consideration the effects of inflation; the effects of increased student enrollment;

increased contractual services for instructional programs; and costs incurred to enhance library services at 26 public schools.

Human Support Services – During fiscal year 2014, the District continued its efforts to implement the requirements and mandates of the Patient Protection and Affordable Care Act. Consequently, expenditures increased as a result of those efforts. Changes in Medicaid policy also contributed to increased Human Support Services expenditures in fiscal year 2014.

Public Works – The increase in Public Works expenditures was due to several factors, including preparations for the initial rollout of the D.C. Streetcar, the start of the Parking Meter project and other measures taken to enhance transportation services (e.g., purchasing Bikeshare stations and planning the expansion of the Circulator routes.) Increased costs associated with providing snow removal and trash collection services to a growing population as well as maintaining the city's fleet of vehicles also led to increased expenditures in fiscal year 2014.

Public Transportation – Public transportation expenditures increased as a result of an increase in subsidy and grant payments to the Washington Metropolitan Area Transit Authority (WMATA). The District, along with other jurisdictions in the metropolitan region, provide funding to support WMATA's operations. Annual operating costs at WMATA increased in fiscal year 2014 due to the Silver Line expansion, increased pension costs, and increased demand for reduced fare programs and Circulator services.

Capital Expenditures and Financing

The District's investments in capital improvements are based on need rather than available current year revenues. It is the District's financial policy to issue bonds to support the expenditures associated with its Capital Improvements Program. In order to minimize the cost of carrying debt, the District has instituted the practice of issuing bonds based on actual expenditures, in some cases, as well as on the annual amount budgeted. However, agencies are authorized to spend their annual appropriated capital budget in advance of financing. The General Fund advances the amount of the funding, and is repaid with the proceeds from the bonds when issued. This allows the District to determine when it will enter the market to issue bonds, based upon cash flow needs, favorable market rates, and the total amount of municipal debt financing and the types of credits that are available. This flexibility helps to minimize borrowing costs and maximize the pool of potential investors for the District's debt issuances.

The District spent $1,108,204 on general capital improvements which exceeded the general capital improvements revenues of $189,094 by $919,110. This deficiency was subsequently financed with a total of $702,428 from bond proceeds and other financing sources. The net change in the capital project fund balance was a decrease of $216,682, which resulted in a fund deficit of $114,248.

Proprietary Funds

The District currently has two major Proprietary Funds: the D.C. Lottery & Charitable Games Board (Lottery), and the Unemployment Compensation Fund (Unemployment).

The total assets for the Lottery decreased by $5,490 or 21.0%, over the prior year, due to scheduled payments to long-term prize winners.

Total assets for Unemployment decreased by $3,154, or 0.9%, due primarily to cash receipts from employer taxes and governmental agencies exceeding the unemployment benefits payments while amounts due to the Fund from the federal government decreased.

Overall total net position of the District's proprietary funds increased by $18,637, or 7.6%, over the prior year. Exhibits 3-a, 3-b, and 3-c on pages 48 through 50 present the financial statements of the proprietary funds.

Charts MDA-3 and MDA-4 graphically present comparisons of the revenues and expenses of the District's proprietary funds, based on information contained in the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds, shown on page 49 of this report.

Chart MDA-3 – Operating Revenues and Expenses – Business-type Activities

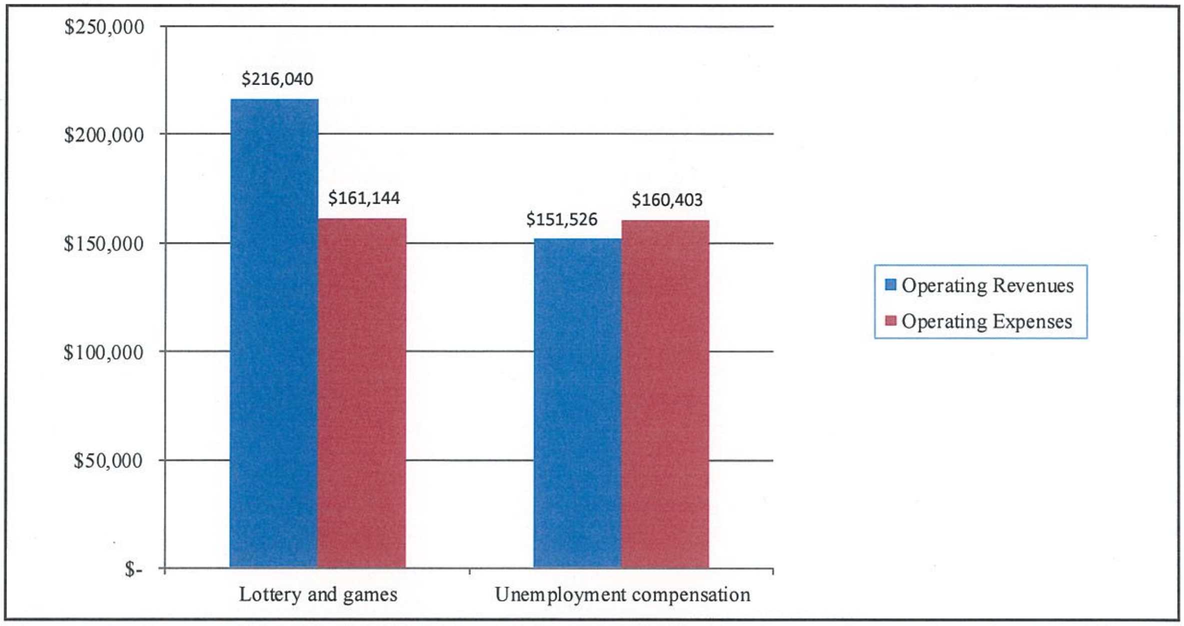
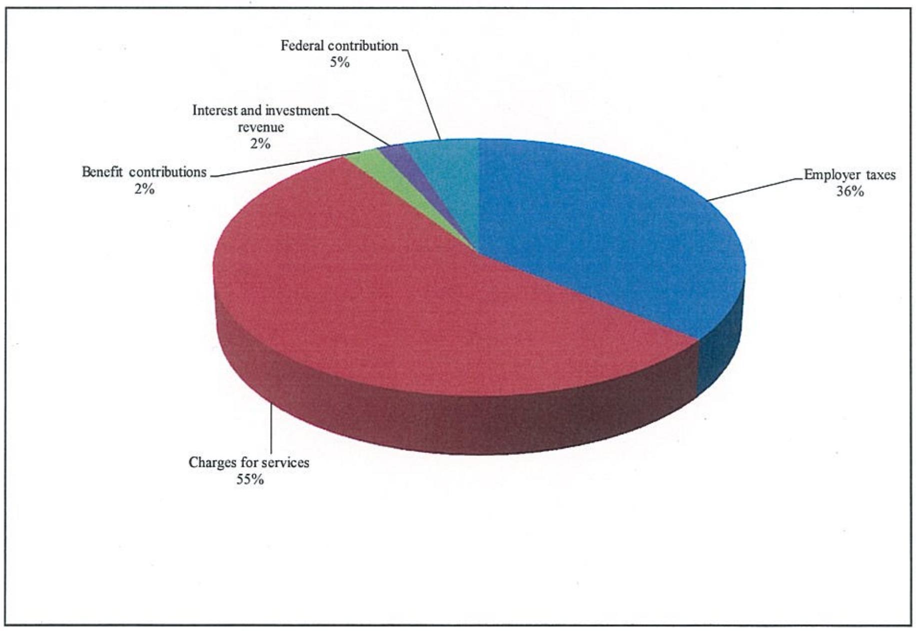


Chart MDA-4 – Revenues by Source – Business-type Activities



Fiduciary Funds

The *Trust and Agency Funds* are used to account for assets held by the District as trustee for individuals, private organizations, or other governments. The District is the *trustee* or *fiduciary* for its employees' pension plans and other postemployment benefits (OPEB). All fiduciary activities are reported in Exhibit 4-a, *Statement of Fiduciary Net Position* and Exhibit 4-b, *Statement of Changes in Fiduciary Net Position* on pages 51 and 52 respectively. Exhibits C-1, C-2, and C-3, presented on pages 148, 149, and 150 respectively, provide additional information. These activities are excluded from the District's governmental and business-type activities because resources of fiduciary funds are restricted and are not available to support the District's operations. The changes in the net position of the Pension Trust Funds and OPEB Trust Fund are presented in **Table MDA-7.**

Table MDA-7 - Variances in Net Position of Pension and OPEB Trust Funds

Trust Fund	Fiscal Year 2014	Fiscal Year 2013	Dollar Variance	Percentage Variance
Police and firefighters pension	$ 4,588,129	$ 4,168,457	$ 419,672	10.1%
Teachers pension	1,745,961	1,622,375	123,586	7.6%
Other postemployment benefits	1,051,359	897,815	153,544	17.1%
Total Net Position	**$ 7,385,449**	**$ 6,688,647**	**$ 696,802**	10.4%

Net position of the fiduciary funds increased due mainly to increases in the value of fixed income securities.

Private-purpose trust funds are used to report any trust arrangement not reported in the pension or OPEB trust funds under which principal and income benefit specific individuals, private organizations, or other governments. The District's 529 College Savings Investment Plan, which is designed to help families save for the higher education expenses of designated beneficiaries, comprises the Private-Purpose Trust Fund.

Component Units

Discretely presented component units are legally separate organizations that meet the following criteria: (a) the District appoints a voting majority of the entity's governing board and (b) there is a financial benefit/burden relationship between the District and the entity or the District is able to impose its will on the entity. Consistent with these criteria, the District reports five discretely presented component units: (1) Health Benefit Exchange Authority; (2) Washington Convention and Sports Authority; (3) Not-For-Profit Hospital Corporation (d/b/a United Medical Center); (4) Housing Finance Agency; and (5) University of the District of Columbia.

Other component units have operations that are so intertwined with those of the primary government that they function, for all practical purposes, as an integral part of the primary government. These are reported as blended component units. A component unit should be blended when the primary government and the component unit share a common governing body and (a) there is a financial benefit or burden relationship between the District and the entity, or (b) the District has operational responsibility for the entity. In addition, blending is required when the component unit either: (a) provides service entirely or almost entirely to the primary government; or otherwise exclusively or almost exclusively benefits the primary government, although it does not provide services directly to it; or (b) the entity's total debt outstanding is expected to be repaid entirely or almost entirely with District resources.

The District reports one blended component unit, the Tobacco Settlement Financing Corporation (Tobacco Corporation). The Tobacco Corporation is a blended component unit because: (a) the District appoints the Tobacco Corporation's board; (b) the District is legally entitled to and can otherwise access the Tobacco Corporation's resources which constitutes a benefit/burden relationship; and (c) the District has the ability to modify or approve the Tobacco Corporation's budget, which gives the District the ability to impose its will on the Tobacco Corporation. In addition, the Tobacco Corporation provides services entirely to the District.

Each of the component units prepares its own independently audited financial statements, which are accompanied by their respective Management's Discussion and Analysis. Exhibits 5-a and 5-b on pages 53 and 54, respectively, present more detailed financial information on the District's component units.

Short-Term Debt

The District issues short-term debt primarily to finance seasonal cash flow needs. This need occurs due to time lags between the receipt of taxes, grants and other revenues, and the outflow of funds for governmental operations and required disbursements. The District issued $405,000 in Tax Revenue Anticipation Notes (TRANs) on November 7, 2013, at an interest rate of 2.00%. The District is required by law to repay any short-term debt in its entirety by September 30 of the fiscal year in which the debt was incurred. Accordingly, by September 30, 2014, the District had repaid these outstanding TRANs.

Long-Term Debt

The District is empowered by law (Section 461 of the District of Columbia Home Rule Act, as amended) to issue general obligation bonds to refund indebtedness of the District and to provide for the payment of the costs of acquiring capital assets or undertaking various capital projects. The District also issues income tax secured revenue bonds pursuant to the Bond Authorization Act of

2008 (D.C. Code §§ 47-340.26 to 47-340.36). The payment of principal and interest on these bonds comes solely from the associated trust estate and the available pledged tax revenues. The income tax secured revenue bonds are without recourse to the District, and are not a pledge of, and do not involve the full faith and credit or the taxing power of the District.

The District also issues, on a less frequent basis, other types of long term debt, including Tax Increment Financing (TIF) Bonds, Housing Production Trust Bonds (HPTF), Qualified Zone Academy Bonds, and other revenue bonds.

At September 30, 2014, the District had $10,229,726 (including business activities) in long term debt outstanding, of which $8,772,209, or 85.8%, was in the form of bonds. Of the outstanding bonds, $2,790,935, or 31.8%, were general obligation bonds, and $4,465,820, or 50.9%, were income tax secured revenue bonds. **Table MDA-8** presents the District's outstanding bonds as of September 30, 2014.

Table MDA-8 – Outstanding Bonds at September 30, 2014 and 2013

	Outstanding Bonds			
Type of Bonds	**Fiscal Year 2014**	**Fiscal Year 2013**	**Dollar Variance**	**Percentage Variance**
General obligation bonds	$ 2,790,935	$ 2,245,185	$ 545,750	24.3%
Income tax secured revenue bonds	4,465,820	4,457,675	8,145	0.2%
Other bonds:				
Qualified zone academy bonds	5,736	6,682	(946)	-14.2%
Tobacco bonds	631,294	647,459	(16,165)	-2.5%
TIF bonds	104,809	108,782	(3,973)	-3.7%
Ballpark bonds	474,420	502,255	(27,835)	-5.5%
GARVEE revenue bonds	111,110	117,570	(6,460)	-5.5%
HPTF bonds	118,055	120,450	(2,395)	-2.0%
AWC PILOT revenue bonds	70,030	77,210	(7,180)	-9.3%
NCRC revenue bonds	-	4,997	(4,997)	-100.0%
Total	**$ 8,772,209**	**$ 8,288,265**	**$ 483,944**	**5.8%**

The $545,750 increase in General Obligation Bonds is due primarily to the District's issuance of $495,425 in bonds, Series 2013A. The proceeds of the 2013A Bonds were used to finance capital project expenditures under the District's capital improvements plan and pay the costs and expenses of issuing and delivering the 2013A Bonds.

The District also issued $97,145 in Income Tax Secured Revenue Refunding Bonds, Series 2013A. The proceeds of the Series 2013A Bonds were used to currently refund $29,450 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2010E (Adjusted SIFMA Rate); $40,455 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011B (Adjusted SIFMA Rate); and $26,640 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011D (Adjusted SIFMA Rate) each maturing on December 1, 2014 and pay the costs and expenses of issuing the Series 2013A Bonds. The refunding of certain outstanding issues with the Series 2013A Bonds resulted in the change of $8,145 in the principal amount of outstanding Income Tax Secured Revenue Bonds.

For more detailed information on the District's long-term debt activity, refer to Note 8, Long-Term Liabilities, found on pages 100 through 113.

Capital Assets

The General Capital Improvements Fund is used to account for the purchase or construction of capital assets financed by transfers, capital grants, and debt. Capital assets include, but are not limited to: land, buildings, police and fire equipment, office equipment, park facilities, roads, and bridges. In fiscal year 2014, total net capital assets (capital assets less depreciation) increased by $509,956, or 4.7%, over the prior year. Total overall capital assets has continued to increase because the District has been investing resources in the construction of new assets and the rehabilitation of existing infrastructure, such as roads, streets, and bridges.

At September 30, 2014, total net capital assets (capital assets less depreciation) was $11,410,322. Net capital assets of the governmental activities totaled $11,410,052

and the net capital assets of the business-type activities totaled $270. The governmental activities depreciation charges for fiscal year 2014 totaled $414,748 compared to the prior year's amount of $389,885. **Table MDA-9** presents more detailed information on the District's net capital assets.

Table MDA-9 – Net Capital Assets as of September 30, 2014

Asset Category	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 929,519	$ 928,318	$ -	$ -	$ 929,519	$ 928,318
Buildings	5,765,400	5,641,749	-	-	5,765,400	5,641,749
Infrastructure	3,117,119	2,925,863	-	-	3,117,119	2,925,863
Equipment	354,552	379,243	270	427	354,822	379,670
Construction in progress	1,243,462	1,024,766	-	-	1,243,462	1,024,766
Total net capital assets	**$ 11,410,052**	**$ 10,899,939**	**$ 270**	**$ 427**	**$ 11,410,322**	**$ 10,900,366**

Note: For more detailed information on the District's capital asset activity, refer to Note 5, Capital Assets, found on pages 90 through 94.

REPORTING THE DISTRICT'S BUDGET

Overview in Brief

D.C. Code § 47-392.01(c) (1) (A) requires the District to prepare a balanced budget each year. Consistent with D.C. Code §47-392.02, the Mayor is required to submit the budget to Council for review, approval, and submission to Congress. The District's budget is subject to revision and approval by Congress and the President of the United States. As the budget moves through the budgetary process, there may be changes in both amounts and purposes.

The Chief Financial Officer is responsible for forecasting revenue for the District government. Each February, the Chief Financial Officer issues the official revenue estimate that is used to develop the District's budget for the next fiscal year. This estimate is revised as the new fiscal year begins and is periodically reviewed and adjusted at regular intervals throughout the fiscal year to reflect current economic trends and outlook, new legislative mandates, and other similar factors. As the revenue estimates are revised, the District's expenditure budget is also revised to be consistent with the updated revenue estimates.

General Fund Budgetary Highlights

The General Fund is the chief budgetary operating fund of the primary government. **Table MDA-10** presents a Schedule of Budgetary Basis Revenues and Expenditures for the General Fund for the fiscal year ended September 30, 2014.

Table MDA-10 – Schedule of General Fund Budgetary Basis Revenues and Expenditures

	Original Budget	Revised Budget	Actual	Variance (Actual to Revised)
Revenues and Other Sources:				
Taxes	$ 6,052,550	$ 6,169,681	$ 6,132,847	$ (36,834)
Licenses and permits	66,392	73,434	79,210	5,776
Fines and forfeits	227,672	174,958	136,794	(38,164)
Charges for services	69,659	64,909	77,984	13,075
Miscellaneous	84,028	83,407	125,220	41,813
Other sources	516,392	459,090	463,735	4,645
Bond proceeds	6,000	6,000	584	(5,416)
Fund balance released from restrictions	99,539	246,748	98,417	(148,331)
Interfund transfer from lottery and games	63,175	63,175	54,967	(8,208)
Interfund transfer - others	4,527	55,188	66,048	10,860
Total revenues and other sources	7,189,934	7,396,590	7,235,806	(160,784)
Expenditures and Other Uses:				
Governmental direction and support	653,931	656,562	623,249	33,313
Economic development and regulation	341,221	397,949	338,198	59,751
Public safety and justice	1,035,064	1,064,998	1,050,890	14,108
Public education	1,724,425	1,753,461	1,737,858	15,603
Human support services	1,750,479	1,783,335	1,732,676	50,659
Public works	623,396	648,625	623,032	25,593
Repay bonds and interest	531,906	515,731	509,725	6,006
Other expenditures and uses	501,813	461,104	416,461	44,643
Total expenditures and other uses	7,162,235	7,281,765	7,032,089	249,676
Excess of Revenues and Other Sources Over Expenditures and Other Uses - Budgetary Basis	$ 27,699	$ 114,825	$ 203,717	$ 88,892

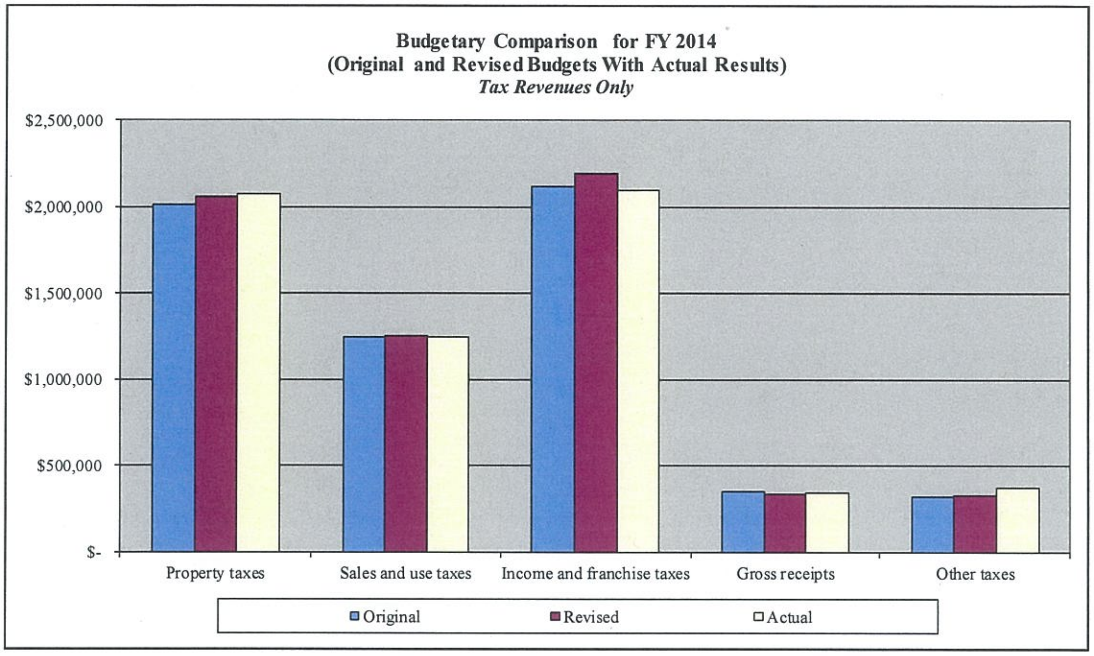
Revenues and Other Sources

Actual General Fund revenues and other sources were $160,784 less than the revised budget. As presented in **Table MDA-10**, this variance was primarily due to the use of excess revenues instead of fund balance to finance certain activities.

Fund Balance Released from Restrictions - Fund balance released from restrictions represents the portion of assets that were restricted for either a period of time or for a particular purpose for which the imposed conditions have been met, allowing the assets to become available for use. In other words, this amount of fund balance was used to finance current year's operations. As shown in **Table MDA-10**, actual fund balance released from restrictions was $148,331 less than anticipated for fiscal year 2014.

As presented in **Table MDA-10**, approximately 84.8% of the General Fund's revenues and other sources are derived from taxes. **Chart MDA-5** graphically presents differences between the General Fund's original budget, final revised budget and actual revenues (by type of tax) for fiscal year 2014.

Chart MDA-5 – Budgetary Comparison – FY 2014 Tax Revenues

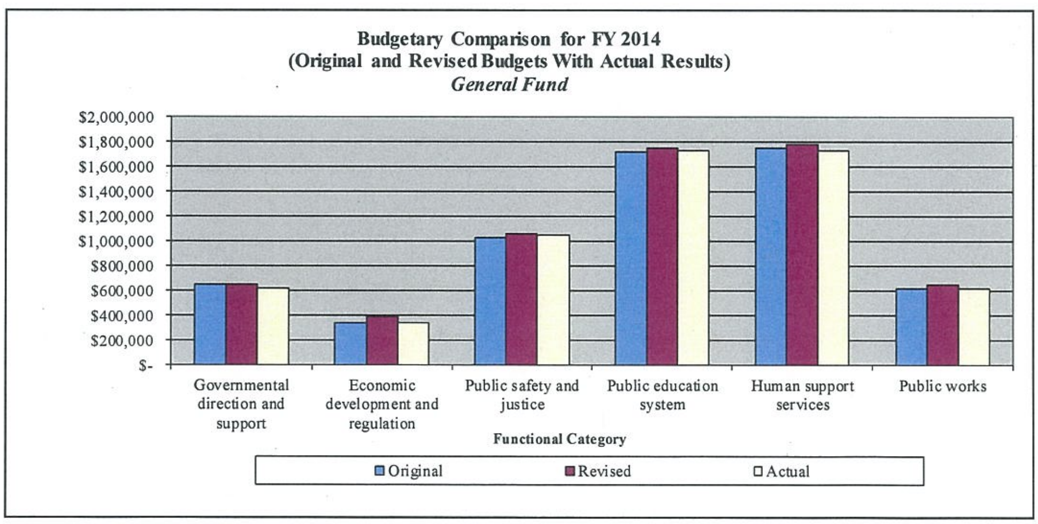


Expenditures and Other Uses

Actual General Fund expenditures and other uses were $249,676 less than the revised budget. As presented in **Table MDA-10**, this variance was primarily due to underspending in the areas of Economic Development and Regulation and Human Support Services.

More than 64.3% of the General Fund's expenditures were in the areas of Public Education, Human Support Services, and Public Safety and Justice combined. **Chart MDA-6** graphically presents differences between the General Fund's original budget, revised budget, and actual expenditures (by functional category) for fiscal year 2014.

Chart MDA-6 – General Fund Expenditures (by Function)



For more detailed information, refer to the budgetary schedules for the General Fund, Exhibits A-4 to A-6 which are presented on pages 139 through 141.

SUBSEQUENT EVENTS

Short-Term Debt

In November 2014, the District issued $400,000 in Tax Revenue Anticipation Notes (TRANs) as a means of financing, on a short-term basis, the District's general governmental expenses in anticipation of receiving or collecting revenues for fiscal year 2015. These fixed rate TRANs were issued at an interest rate of 1.50% and mature on September 30, 2015. By law, the District must repay any short-term debt in its entirety by September 30 of the fiscal year of issuance.

General Obligation Bonds

In October 2014, the District issued $379,355 in General Obligation Bonds, Series 2014C and $136,190 in General Obligation Refunding Bonds, Series 2014D. The proceeds of the Series 2014C Bonds will be used to: (1) finance capital project expenditures under the District's capital improvements plan, and (2) pay the costs and expenses of issuing and delivering the Series 2014C Bonds. The proceeds of the Series 2014D Bonds will be used with other available District funds to: (1) refund all of the District's outstanding Multimodal General Obligation Refunding Bonds, Series 2008A and Series 2008D and (2) pay the costs and expenses of issuing and delivering the Series 2014D Bonds.

Interest rates range between 3.00% and 5.00% for the Series 2014C Bonds and 1.00% and 5.00% for the Series 2014D Bonds.

Income Tax Secured Revenue Refunding Bonds

In November 2014, the District issued $60,875 in Income Tax Secured Revenue Refunding Bonds, Series 2014B. The proceeds of the Series 2014B Bonds were used to: (a) currently refund $60,260 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2013A and pay the costs of using and delivering the Series 2014B Bonds. The Series 2014B Bonds bear interest at a variable rate equal to Adjusted SIFMA rates, which equal the SIFMA rates plus the per annum spread at maturity.

PILOT Revenue Note (The Yards Project)

On December 18, 2014, the District executed its PILOT Revenue Note, Series 2014, in the amount of $34,800, with U.S. Bank, N.A. This note was executed to help finance the cost of developing the public infrastructure associated with The Yards. This note, which matures on December 1, 2037, bears interest at the agreed upon bank interest rate as of each interest payment date, which shall be equal to the lesser of: (a) the LIBOR index rate then in effect plus the applicable spread and (b) the maximum rate.

These and other subsequent events are presented more fully in Note 16, found on pages 125 through 127.

D.C. Water Payment In Lieu of Taxes

On December 15, 2014, the District and the Water and Sewer Authority (D.C. Water) entered into a Memorandum of Understanding (MOU) which establishes the total amount of the payment in lieu of taxes (PILOT) to be paid by D.C. Water to the District for fiscal years 2015 to 2024.

Under the executed agreement, D.C. Water will pay the District $15,337 in fiscal year 2015. In fiscal years 2016 through 2024, D.C. Water's PILOT will increase by 2.0% per annum, based on the amount of the prior year's annual PILOT payment.

CONTACTING THE DISTRICT'S OFFICE OF THE CHIEF FINANCIAL OFFICER

This CAFR is designed to provide the District's citizens, taxpayers, customers, vendors, investors, and creditors with a general overview of the District's finances and to demonstrate the effectiveness of the District's systems of accountability for the money it receives. If you have any questions regarding this report, suggestions for improvement, or need additional financial information, please contact:

The Office of the Chief Financial Officer
The John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 209
Washington, D.C. 20004
(202) 727-2476
www.cfo.dc.gov

BASIC FINANCIAL STATEMENTS

The basic financial statements include the *Government-Wide Financial Statements*, *Governmental Fund Financial Statements*, *Propietary Fund Financial Statements, Fiduciary Fund Financial Statements* and the *Component Unit Financial Statements*. These financial statements present different views of the District.

Following the basic financial statements are the *Notes to the Basic Financial Statements* which explain some of the information in the financial statements and provide more detail.

Exhibit 1-a

District of Columbia
Statement of Net Position
September 30, 2014
(With Comparative Totals at September 30, 2013)
($000s)

	Primary Government				
	Governmental Activities	Business-Type Activities	Totals 2014	Totals 2013	Component Units
ASSETS					
Cash and cash equivalents (unrestricted)	$ 1,117,260	$ 9,318	$ 1,126,578	$ 1,288,265	$ 84,778
Investments (unrestricted)	-	-	-	-	117,989
Due from federal government	504,178	855	505,033	518,846	-
Taxes receivable, net	486,344	-	486,344	384,120	-
Accounts receivable, net	189,871	16,512	206,383	172,043	25,593
Other receivables	-	-	-	-	32,782
Due from primary government	-	-	-	-	35,021
Due from component units	37,702	-	37,702	24,745	-
Due from fiduciary funds	1,587	-	1,587	388	-
Internal balances	32,224	(32,224)	-	-	-
Inventories	35,404	-	35,404	25,890	1,415
Other current assets	4,963	3	4,966	2,561	24,010
Cash and cash equivalents (restricted)	1,480,161	317,172	1,797,333	1,894,872	120,459
Investments (restricted)	94,639	6,282	100,921	108,824	283,229
Other long term assets	332,987	-	332,987	714,010	761,490
Depreciable capital assets, net	9,237,071	270	9,237,341	8,947,282	759,973
Non-depreciable capital assets	2,172,981	-	2,172,981	1,953,084	78,845
Total assets	15,727,372	318,188	16,045,560	16,034,930	2,325,584
DEFERRED OUTFLOW OF RESOURCES					
Derivative instrument - hedge	48,030	-	48,030	50,275	-
Other deferred outflow of resources	7,037	-	7,037	-	17,110
Total deferred outflow of resources	55,067	-	55,067	50,275	17,110
Total assets and deferred outflow of resources	15,782,439	318,188	16,100,627	16,085,205	2,342,694
LIABILITIES					
Accounts payable	776,573	38,923	815,496	899,436	37,553
Compensation payable	216,489	993	217,482	206,009	19,303
Due to primary government	-	-	-	-	37,702
Due to component units	35,021	-	35,021	28,067	-
Unearned revenues	242,540	66	242,606	661,892	15,077
Accrued liabilities	451,929	6,599	458,528	432,818	16,867
Accrued interest payable	128,828	-	128,828	115,522	-
Other current liabilities	56,183	-	56,183	42,566	90,563
Derivative instrument liabilities	47,571	-	47,571	50,262	-
Long-term liabilities:					
Due within one year	542,394	2,962	545,356	486,396	41,040
Due in more than one year	9,680,652	3,718	9,684,370	9,434,267	1,433,902
Total liabilities	12,178,180	53,261	12,231,441	12,357,235	1,692,007
DEFERRED INFLOW OF RESOURCES					
Deferred inflow of resources	35,523	-	35,523	-	25,364
Total liabilities and deferred inflow of resources	12,213,703	53,261	12,266,964	12,357,235	1,717,371
NET POSITION					
Net investment in capital assets	2,830,199	270	2,830,469	2,849,470	417,716
Restricted for:					
Expendable					
Debt service	437,786	-	437,786	488,201	-
Benefit payments	-	260,645	260,645	241,952	-
Capital projects	61,708	-	61,708	102,434	-
Grants and special purposes	164,485	-	164,485	170,162	-
Budget reserves	23,239	-	23,239	30,759	-
Purpose restriction	137,707	-	137,707	117,621	-
Emergency reserves	355,417	-	355,417	339,490	-
Other	15,022	-	15,022	16,015	159,193
Nonexpendable	-	-	-	-	7,568
Unrestricted (deficit)	(456,827)	4,012	(452,815)	(628,134)	40,846
Total net position	$ 3,568,736	$ 264,927	$ 3,833,663	$ 3,727,970	$ 625,323

The accompanying notes are an integral part of this statement.

Exhibit 1-b

District of Columbia
Statement of Activities
For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)
($000s)

Functions/Programs	Expenses	Program Revenues: Charges for Services, Fees, Fines & Forfeits	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Totals 2014	Totals 2013	Component Units
Governmental activities:									
Governmental direction and support	$ 929,313	$ 75,215	$ 39,514	$ 25	$ (814,559)		$ (814,559)	$ (834,629)	
Economic development and regulation	416,670	146,067	57,143	-	(213,460)		(213,460)	(256,293)	
Public safety and justice	1,568,899	83,131	464,923	-	(1,020,845)		(1,020,845)	(860,358)	
Public education system	2,221,519	765	342,429	-	(1,878,325)		(1,878,325)	(1,873,593)	
Human support services	4,336,730	6,642	2,439,318	19,680	(1,871,090)		(1,871,090)	(1,780,037)	
Public works	651,221	189,566	25,238	158,513	(277,904)		(277,904)	(181,907)	
Public transportation	309,436	-	-	-	(309,436)		(309,436)	(284,851)	
Interest on long-term debt	396,754	-	-	-	(396,754)		(396,754)	(382,530)	
Total governmental activities	10,830,542	501,386	3,368,565	178,218	(6,782,373)		(6,782,373)	(6,454,198)	
Business-type activities:									
Lottery and games	161,144	216,040	-	-		$ 54,896	54,896	68,533	
Unemployment compensation	160,403	-	9,766	-		(150,637)	(150,637)	(222,855)	
Total business-type activities	321,547	216,040	9,766	-		(95,741)	(95,741)	(154,322)	
Total primary government	$ 11,152,089	$ 717,426	$ 3,378,331	$ 178,218	(6,782,373)	(95,741)	(6,878,114)	(6,608,520)	
Component units:									
Health benefit exchange	$ 23,180	$ -	$ 20,374	$ 17,220					$ 14,414
Convention center	134,906	25,350	-	-					(109,556)
Not-for-profit hospital corporation	108,149	103,761	2,280	-					(2,108)
Housing finance	54,009	31,689	-	-					(22,320)
University	134,230	30,695	20,456	22,898					(60,181)
Total component units	$ 454,474	$ 191,495	$ 43,110	$ 40,118					(179,751)
General revenues:									
Taxes:									
Property taxes					2,118,198	-	2,118,198	2,012,788	-
Sales and use taxes					1,282,573	-	1,282,573	1,247,374	-
Income and franchise taxes					2,094,754	-	2,094,754	2,094,179	-
Gross receipts taxes					389,539	-	389,539	345,852	-
Other taxes					423,354	141,760	565,114	531,333	-
Investment earnings					6,810	7,340	14,150	13,794	13,043
Miscellaneous					499,235	20,244	519,479	676,258	41,973
Subsidy from primary government					-	-	-	-	185,476
Transfer in (out)					54,966	(54,966)	-	-	-
Total general revenues and transfers					6,869,429	114,378	6,983,807	6,921,578	240,492
Change in net position					87,056	18,637	105,693	313,058	60,741
Net position at October 1					3,481,680	246,290	3,727,970	3,414,912	564,582
Net position at September 30					$ 3,568,736	$ 264,927	$ 3,833,663	$ 3,727,970	$ 625,323

The accompanying notes are an integral part of this statement.

Exhibit 2-a

District of Columbia
Balance Sheet
Governmental Funds
September 30, 2014
(With Comparative Totals at September 30, 2013)
($000s)

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds 2014	Total Governmental Funds 2013
ASSETS							
Cash and cash equivalents (unrestricted)	$ 1,117,260	$ -	$ -	$ -	$ -	$ 1,117,260	$ 1,279,409
Due from federal government	65	439,700	2,495	61,918	-	504,178	508,636
Taxes receivable, net	483,468	-	-	-	2,876	486,344	384,120
Accounts receivable, net	139,519	12,514	258	6,035	31,545	189,871	154,501
Due from component units	37,037	-	-	-	665	37,702	24,745
Due from other funds	265,950	31,817	4,642	4	9,744	312,157	291,758
Inventories	25,668	9,736	-	-	-	35,404	25,890
Other current assets	4,357	572	-	-	34	4,963	2,554
Cash and cash equivalents (restricted)	789,340	114,844	164,321	129,426	282,230	1,480,161	1,583,058
Investments (restricted)	81,338	-	2,147	-	11,154	94,639	98,624
Other long term assets	171,974	118,406	42,107	500	-	332,987	714,010
Total assets	3,115,976	727,589	215,970	197,883	338,248	4,595,666	5,067,305
LIABILITIES							
Accounts payable	444,084	104,316	-	188,881	6,327	743,608	809,203
Compensation payable	192,196	21,159	-	2,981	153	216,489	205,171
Due to other funds	14,387	138,875	-	107,150	17,934	278,346	255,914
Due to component units	14,528	11,213	-	7,896	1,384	35,021	28,067
Unearned revenue	59,090	138,772	42,107	2,571	-	242,540	661,756
Accrued liabilities	302,631	148,761	-	-	537	451,929	425,220
Other current liabilities	53,838	8	-	2,152	185	56,183	74,261
Total liabilities	1,080,754	563,104	42,107	311,631	26,520	2,024,116	2,459,592
DEFERRED INFLOW OF RESOURCES							
Unavailable revenues	161,563	-	-	500	736	162,799	141,121
FUND BALANCE							
Nonspendable	25,668	9,736	-	-	-	35,404	16,015
Restricted	983,011	154,749	173,863	-	310,992	1,622,615	1,693,735
Committed	744,649	-	-	-	-	744,649	659,567
Assigned	120,331	-	-	-	-	120,331	97,275
Unassigned	-	-	-	(114,248)	-	(114,248)	-
Total fund balances	1,873,659	164,485	173,863	(114,248)	310,992	2,408,751	2,466,592
Total liabilities, deferred inflow of resources and fund balances	$ 3,115,976	$ 727,589	$ 215,970	$ 197,883	$ 338,248		$ 5,067,305

Amounts reported for governmental activities in the statement of net position (Exhibit 1a) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,410,052
Certain long term assets are not available to pay current period expenditures and are therefore not recognized as revenues in the funds.		
Tax revenue related		45,285
Other deferred inflow of resources		81,991
Retainage liability not to be paid with current resources		(32,965)
Net of deferred outflow of resources and derivative instrument liabilities.		459
Advanced refunding loss		7,037
Certain liabilities (such as bonds payable and accrued expenses) are not due and payable in the current period:		
General obligation bonds	2,790,935	
Income tax revenue bonds	4,465,820	
Tobacco settlement bonds	631,294	
TIF bonds	104,809	
Ballpark bonds	474,420	
QZAB	5,736	
Accrued interest payable	128,828	
Capital leases	8,162	
Other long-term liabilities	1,741,870	
		(10,351,874)
Net position of governmental activities		$ 3,568,736

The accompanying notes are an integral part of this statement.

Exhibit 2-b

District of Columbia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)
($000s)

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds 2014	Total Governmental Funds 2013
REVENUES							
Taxes:							
Property taxes	$ 2,104,902	$ -	$ -	$ -	$ 30,135	$ 2,135,037	$ 2,040,497
Sales and use taxes	1,245,015	-	-	-	37,558	1,282,573	1,247,374
Income and franchise taxes	2,094,754	-	-	-	-	2,094,754	2,094,179
Gross receipts taxes	344,631	-	-	-	44,908	389,539	345,852
Other taxes	377,169	-	46,185	-	-	423,354	400,308
Fines and forfeitures	143,124	-	-	-	-	143,124	178,708
Licenses and permits	102,242	-	-	-	-	102,242	105,081
Charges for services	253,076	2,885	-	59	-	256,020	247,426
Investment earnings	3,323	449	-	20	3,018	6,810	6,608
Miscellaneous	427,164	43,632	10,419	10,798	60,442	552,455	511,582
Federal contributions	-	519,846	-	-	-	519,846	555,038
Operating grants	-	2,848,720	-	178,217	-	3,026,937	2,992,893
Total revenues	7,095,400	3,415,532	56,604	189,094	176,061	10,932,691	10,725,546
EXPENDITURES							
Current:							
Governmental direction and support	841,765	32,819	-	-	45,929	920,513	810,803
Economic development and regulation	288,002	62,372	61,438	-	-	411,812	383,143
Public safety and justice	1,049,808	465,662	-	-	-	1,515,470	1,513,469
Public education system	1,752,794	375,343	-	-	-	2,128,137	2,084,613
Human support services	1,822,322	2,439,078	-	-	-	4,261,400	4,042,204
Public works	303,514	25,841	-	-	-	329,355	287,598
Public transportation	309,436	-	-	-	-	309,436	284,851
Debt service:							
Principal	239,888	-	-	6,460	60,150	306,498	254,312
Interest	336,385	18,606	-	5,303	62,156	422,450	410,020
Fiscal charges	4,894	-	-	-	1	4,895	8,640
Capital outlay	-	-	-	1,096,441	26,632	1,123,073	1,208,481
Total expenditures	6,948,808	3,419,721	61,438	1,108,204	194,868	11,733,039	11,288,134
Excess (deficiency) of revenues over (under) expenditures	146,592	(4,189)	(4,834)	(919,110)	(18,807)	(800,348)	(562,588)
OTHER FINANCING SOURCES (USES)							
Debt issuance	4,775	-	-	592,455	-	597,230	833,286
Refunding debt issuance	475,305	-	-	-	-	475,305	25,005
Premium on sale of bonds	28,134	-	-	57,545	-	85,679	154,681
Payment to refunded bond escrow agent	(503,439)	-	-	-	-	(503,439)	(28,929)
Equipment financing program	-	-	-	31,716	-	31,716	41,016
Transfers in	125,193	-	38,966	59,798	107,719	331,676	364,563
Transfers out	(152,879)	(1,488)	-	(39,086)	(83,257)	(276,710)	(296,249)
Sale of capital assets	1,050	-	-	-	-	1,050	3,913
Total other financing sources (uses)	(21,861)	(1,488)	38,966	702,428	24,462	742,507	1,097,286
Net change in fund balances	124,731	(5,677)	34,132	(216,682)	5,655	(57,841)	534,698
Fund balances at October 1,	1,748,928	170,162	139,731	102,434	305,337	2,466,592	1,931,894
Fund balances at September 30	$ 1,873,659	$ 164,485	$ 173,863	$ (114,248)	$ 310,992	$ 2,408,751	$ 2,466,592

The accompanying notes are an integral part of this statement.

Exhibit 2-c

District of Columbia
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014
($000s)

Net change in fund balances - total governmental funds	$ (57,841)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays that are capitalized exceeded depreciation expense in the current period.	477,150
Deferred inflow of resources, including property tax revenues which were earned but whose current financial resources are not available for the purpose of recognition in the governmental funds were recognized in the government-wide financial statements.	
Tax revenue related	(16,839)
Other deferred inflow resources	2,993
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which bond proceeds exceeded repayments.	(381,751)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount that other long term liabilities decreased in the current period.	62,898
Investment income from investment derivative instrument	446
Change in net position of governmental activities	$ 87,056

The accompanying notes are an integral part of this statement.

Exhibit 2-d

District of Columbia
Budgetary Comparison Statement
For the Year Ended September 30, 2014
($000s)

	General Fund				Federal and Private Resources				Totals			
	Budget			Variance	Budget			Variance	Budget			Variance
	Original	Revised	Actual	Positive (Negative)	Original	Revised	Actual	Positive (Negative)	Original	Revised	Actual	Positive (Negative)
Revenues and Sources:												
Taxes:												
Property taxes	$ 2,013,926	$ 2,061,889	$ 2,074,036	$ 12,147	$ -	$ -	$ -	$ -	$ 2,013,926	$ 2,061,889	$ 2,074,036	$ 12,147
Sales and use taxes	1,244,868	1,251,317	1,244,440	(6,877)	-	-	-	-	1,244,868	1,251,317	1,244,440	(6,877)
Income and franchise taxes	2,121,334	2,196,070	2,094,754	(101,316)	-	-	-	-	2,121,334	2,196,070	2,094,754	(101,316)
Other taxes	672,422	660,405	719,617	59,212	-	-	-	-	672,422	660,405	719,617	59,212
Total taxes	6,052,550	6,169,681	6,132,847	(36,834)	-	-	-	-	6,052,550	6,169,681	6,132,847	(36,834)
Licenses and permits	66,392	73,434	79,210	5,776	-	-	-	-	66,392	73,434	79,210	5,776
Fines and forfeits	227,672	174,958	136,794	(38,164)	-	-	-	-	227,672	174,958	136,794	(38,164)
Charges for services	69,659	64,909	77,984	13,075	-	-	-	-	69,659	64,909	77,984	13,075
Miscellaneous	84,028	83,407	125,220	41,813	-	-	-	-	84,028	83,407	125,220	41,813
Other sources	516,392	459,090	463,735	4,645	-	-	-	-	516,392	459,090	463,735	4,645
Bond proceeds	6,000	6,000	584	(5,416)	-	-	-	-	6,000	6,000	584	(5,416)
Federal contributions	-	-	-	-	84,555	94,775	52,556	(42,219)	84,555	94,775	52,556	(42,219)
Operating grant	-	-	-	-	2,867,541	2,953,554	2,647,656	(305,898)	2,867,541	2,953,554	2,647,656	(305,898)
Fund balance released from restrictions	99,539	246,748	98,417	(148,331)	-	5,720	5,720	-	99,539	252,468	104,137	(148,331)
Interfund transfer-from lottery and games	63,175	63,175	54,967	(8,208)	-	-	-	-	63,175	63,175	54,967	(8,208)
Interfund transfer-others	4,527	55,188	66,048	10,860	-	-	-	-	4,527	55,188	66,048	10,860
Total revenues and other sources	7,189,934	7,396,590	7,235,806	(160,784)	2,952,096	3,054,049	2,705,932	(348,117)	10,142,030	10,450,639	9,941,738	(508,901)
Expenditures and Other Uses:												
Governmental direction and support	653,931	656,562	623,249	33,313	28,846	29,828	26,274	3,554	682,777	686,390	649,523	36,867
Economic development and regulation	341,221	397,949	338,198	59,751	96,426	68,424	63,032	5,392	437,647	466,373	401,230	65,143
Public safety and justice	1,035,064	1,064,998	1,050,890	14,108	112,708	129,123	96,503	32,620	1,147,772	1,194,121	1,147,393	46,728
Public education system	1,724,425	1,542,941	1,527,338	15,603	327,169	324,935	276,552	48,383	2,051,594	1,867,876	1,803,890	63,986
Public education AY15 expenditure	-	210,520	210,520	-	-	-	-	-	-	210,520	210,520	-
Human support services	1,750,479	1,783,335	1,732,676	50,659	2,341,522	2,429,798	2,191,279	238,519	4,092,001	4,213,133	3,923,955	289,178
Public works	623,396	648,625	623,032	25,593	30,545	25,985	25,841	144	653,941	674,610	648,873	25,737
Workforce investments	59,442	4,305	-	4,305	-	-	-	-	59,442	4,305	-	4,305
Wilson building	4,495	4,495	3,926	569	-	-	-	-	4,495	4,495	3,926	569
Repay bonds and interest	524,082	507,907	501,901	6,006	-	18,606	18,606	-	524,082	526,513	520,507	6,006
Repay revenue bonds and interest	7,824	7,824	7,824	-	-	-	-	-	7,824	7,824	7,824	-
Bond fiscal charges	6,000	6,000	983	5,017	-	-	-	-	6,000	6,000	983	5,017
Interest on short term borrowing	3,675	3,675	943	2,732	-	-	-	-	3,675	3,675	943	2,732
Certificates of participation	24,619	24,619	22,623	1,996	-	-	-	-	24,619	24,619	22,623	1,996
Settlements and judgments fund	21,292	21,292	21,292	-	-	-	-	-	21,292	21,292	21,292	-
Convention center transfer	118,995	111,002	108,701	2,301	-	-	-	-	118,995	111,002	108,701	2,301
Highway trust transfer	40,306	41,488	41,488	-	-	-	-	-	40,306	41,488	41,488	-
TIF and pilot transfer	-	15,127	12,627	2,500	-	-	-	-	-	15,127	12,627	2,500
Emergency planning and security fund	-	-	-	-	14,880	27,350	7,584	19,766	14,880	27,350	7,584	19,766
Operating lease-equipment	42,677	45,636	45,617	19	-	-	-	-	42,677	45,636	45,617	19
Emergency and contingency reserve	5,500	23,512	-	23,512	-	-	-	-	5,500	23,512	-	23,512
Pay-go capital	44,447	59,798	59,798	-	-	-	-	-	44,447	59,798	59,798	-
Schools modernization fund	11,863	11,863	11,863	-	-	-	-	-	11,863	11,863	11,863	-
District retiree health contribution	107,800	86,600	86,600	-	-	-	-	-	107,800	86,600	86,600	-
Non-departmental agency	10,702	1,692	-	1,692	-	-	-	-	10,702	1,692	-	1,692
Total expenditures and other uses	7,162,235	7,281,765	7,032,089	249,676	2,952,096	3,054,049	2,705,671	348,378	10,114,331	10,335,814	9,737,760	598,054
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES -- BUDGETARY BASIS	$ 27,699	$ 114,825	$ 203,717	$ 88,892	$ -	$ -	$ 261	$ 261	$ 27,699	$ 114,825	$ 203,978	$ 89,153

The accompanying notes are an integral part of this statement.

Exhibit 3-a

District of Columbia
Statement of Net Position
Proprietary Funds
September 30, 2014
(With Comparative Totals at September 30, 2013)
($000s)

	Lottery and Games	Unemployment Compensation	Totals 2014	Totals 2013
ASSETS				
Current assets:				
Cash and cash equivalents (unrestricted)	$ 9,318	$ -	$ 9,318	$ 8,856
Due from federal government	-	855	855	10,210
Accounts receivable, net	4,746	11,766	16,512	17,542
Other current assets	3	-	3	7
Cash and cash equivalents (restricted)	-	317,172	317,172	311,814
Total current assets	14,067	329,793	343,860	348,429
Noncurrent assets:				
Investments (restricted)	6,282	-	6,282	10,200
Capital assets, net	270	-	270	427
Total noncurrent assets	6,552	-	6,552	10,627
Total assets	20,619	329,793	350,412	359,056
LIABILITIES				
Current liabilities				
Accounts payable	1,999	36,924	38,923	58,538
Accrued compensated absences	993	-	993	838
Due to other funds	-	32,224	32,224	35,456
Unearned revenues	66	-	66	136
Accrued liabilities	6,599	-	6,599	7,598
Long term liabilities due within one year	2,962	-	2,962	4,010
Total current liabilities	12,619	69,148	81,767	106,576
Noncurrent liabilities				
Long term liabilities due in more than one year	3,718	-	3,718	6,190
Total noncurrent liabilities	3,718	-	3,718	6,190
Total liabilities	16,337	69,148	85,485	112,766
NET POSITION				
Investment in capital assets	270	-	270	427
Restricted - expendable	-	260,645	260,645	241,952
Unrestricted	4,012	-	4,012	3,911
Total net position	$ 4,282	$ 260,645	$ 264,927	$ 246,290

The accompanying notes are an integral part of this statement.

Exhibit 3-b

District of Columbia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)
($000s)

	Lottery and Games	Unemployment Compensation	Totals 2014	Totals 2013
Operating revenues:				
Employer taxes	$ -	$ 141,760	$ 141,760	$ 131,025
Charges for services	216,040	-	216,040	242,460
Benefit contributions	-	9,766	9,766	32,790
Total operating revenues	216,040	151,526	367,566	406,275
Operating expenses:				
Benefits	-	160,403	160,403	255,645
Prizes and other expenses	131,678	-	131,678	139,934
Personnel services	6,731	-	6,731	6,657
Contractual services	22,578	-	22,578	27,130
Depreciation	157	-	157	206
Total operating expenses	161,144	160,403	321,547	429,572
Operating income (loss)	54,896	(8,877)	46,019	(23,297)
Nonoperating revenues:				
Interest and investment revenue	14	7,326	7,340	7,723
Federal contribution	-	20,244	20,244	96,161
Total nonoperating revenues	14	27,570	27,584	103,884
Income before transfers	54,910	18,693	73,603	80,587
Transfer out	(54,966)	-	(54,966)	(68,314)
Change in net position	(56)	18,693	18,637	12,273
Net position at October 1	4,338	241,952	246,290	234,017
Net position at September 30	$ 4,282	$ 260,645	$ 264,927	$ 246,290

The accompanying notes are an integral part of this statement.

Exhibit 3-c

District of Columbia
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)
($000s)

	Lottery and Games	Unemployment Compensation	Totals 2014	Totals 2013
Cash flows from operating activities:				
Cash receipts from customers/employers	$ 217,821	$ 160,036	$ 377,857	$ 402,823
Other cash receipts	22	-	22	30
Cash payments to vendors	(19,725)	-	(19,725)	(21,731)
Cash payments to employees/claimants	(6,975)	(182,248)	(189,223)	(269,168)
Other cash payments, including prizes	(135,729)	-	(135,729)	(144,510)
Net cash provided by (used in) operating activities	55,414	(22,212)	33,202	(32,556)
Cash flows from noncapital financing activities:				
Intergovernmental grants	-	20,244	20,244	96,161
Interfund transfers out	(54,966)	-	(54,966)	(68,314)
Net cash provided by (used in) noncapital financing activities	(54,966)	20,244	(34,722)	27,847
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	(153)
Net cash used in capital and related financing activities	-	-	-	(153)
Cash flows from investing activities:				
Receipts of interest and dividends	14	7,326	7,340	7,723
Net cash provided by investing activities	14	7,326	7,340	7,723
NET INCREASE IN CASH AND CASH EQUIVALENTS	462	5,358	5,820	2,861
Cash and cash equivalents at October 1	8,856	311,814	320,670	317,809
Cash and cash equivalents at September 30	$ 9,318	$ 317,172	$ 326,490	$ 320,670
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 54,896	$ (8,877)	$ 46,019	$ (23,297)
Depreciation	157	-	157	206
Decrease (increase) in assets:				
Accounts receivable	1,873	(843)	1,030	6,428
Other current assets	4	9,355	9,359	(9,888)
Increase (decrease) in liabilities:				
Accounts payable	(1,000)	(21,847)	(22,847)	(6,341)
Accrued liabilities	(280)	-	(280)	513
Deferred inflows of resources	(70)	-	(70)	37
Other current liabilities	(166)	-	(166)	(214)
Net cash provided by (used in) operating activities:	$ 55,414	$ (22,212)	$ 33,202	$ (32,556)

The accompanying notes are an integral part of this statement.

Exhibit 4-a

District of Columbia
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2014
($000s)

	Pension/OPEB Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents - restricted	$ 151,788	$ -	$ 80,996
Investments - restricted:			
Equities	3,982,628	239,957	-
Fixed income securities	2,190,469	108,545	-
Real estate	354,594	-	-
Private equity	648,346	-	-
Commodities	41,703	-	-
Collateral for securities lending transactions	24,982	-	-
Accounts receivable	-	258	-
Due from federal government	1,402	-	-
Benefit contributions receivable	4,749	-	-
Other receivables	-	-	4,998
Other current assets	172,146	-	-
Total assets	7,572,807	348,760	$ 85,994
LIABILITIES			
Accounts payable	42,883	287	$ 897
Securities lending collateral	25,336	-	-
Due to component units	-	-	248
Due to other funds	1,476	-	111
Other current liabilities	117,663	-	84,738
Total liabilities	187,358	287	$ 85,994
NET POSITION			
Held in trust for pension and OPEB benefits and other purposes	$ 7,385,449	$ 348,473	

The accompanying notes are an integral part of this statement.

Exhibit 4-b

District of Columbia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2014
($000s)

	Pension/OPEB Trust Funds	Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	$ 229,002	$ -
Plan members	61,875	51,754
Total contributions	290,877	51,754
Investment earnings:		
From investment activities		
Net increase in fair value of investments	413,431	29,431
Other revenue	239	-
Interest and dividends	147,756	4,937
Total investment gain	561,426	34,368
Less - investment expenses	(18,995)	(3,157)
Net gain from investing activities	542,431	31,211
From securities lending activities		
Securities lending income	369	-
Less: securities lending expenses	(87)	-
Net income from securities lending activities	282	-
Net investment gain	542,713	31,211
Other Income	1,864	-
Total additions	835,454	82,965
DEDUCTIONS		
Benefits	124,772	-
Administrative expenses	13,880	799
Distributions to participants	-	18,950
Total deductions	138,652	19,749
Change in net position	696,802	63,216
Net position at October 1	6,688,647	285,257
Net position at September 30	$ 7,385,449	$ 348,473

The accompanying notes are an integral part of this statement.

Exhibit 5-a

District of Columbia
Discretely Presented Component Units
Combining Statement of Net Position
September 30, 2014
(With Comparative Totals at September 30, 2013)
($000s)

	Health Benefit Exchange	Washington Convention and Sports Authority	Not-for-Profit Hospital Corporation	Housing Finance Agency	University	Totals 2014	Totals 2013 as restated
ASSETS							
Current assets:							
Cash and cash equivalents (unrestricted)	$ 14,747	$ 8,828	$ 7,062	$ 32,673	$ 21,468	$ 84,778	$ 76,096
Investments (unrestricted)	-	80,866	-	3,217	33,906	117,989	100,542
Receivables, net:							
Accounts	10,617	3,160	8,743	-	3,073	25,593	20,275
Other	5,636	190	810	7,057	19,089	32,782	93,191
Due from primary government	10,314	12,370	186	-	12,151	35,021	28,067
Inventories	-	-	1,415	-	-	1,415	1,249
Other current assets	-	35	1,283	22,373	319	24,010	24,701
Restricted cash	4,891	8,975	9,377	92,737	4,479	120,459	111,602
Restricted investments	-	145,169	-	130,492	7,568	283,229	317,662
Total current assets	46,205	259,593	28,876	288,549	102,053	725,276	773,385
Noncurrent assets:							
Loans receivable	-	27,181	-	685,727	13	712,921	657,622
Other	-	47,000	234	153	1,182	48,569	1,880
Total long term assets	-	74,181	234	685,880	1,195	761,490	659,502
Capital assets, net							
Property and equipment	24,970	574,294	42,758	1,645	116,306	759,973	729,107
Non-depreciable capital assets	17,220	7,527	13,131	573	40,394	78,845	109,057
Total assets	**88,395**	**915,595**	**84,999**	**976,647**	**259,948**	**2,325,584**	**2,271,051**
Deferred Outflows of Resources	**-**	**16,872**	**-**	**238**	**-**	**17,110**	**19,621**
LIABILITIES							
Current liabilities:							
Payables:							
Accounts	13,396	3,721	5,851	452	14,133	37,553	34,918
Compensation	-	1,255	6,768	285	10,995	19,303	17,518
Due to primary government	7,303	3,535	-	-	26,864	37,702	24,745
Accrued liabilities	174	16,693	-	-	-	16,867	17,279
Unearned revenue	-	2,977	-	-	12,100	15,077	16,024
Current maturities	-	16,315	577	24,148	-	41,040	41,272
Other current liabilities	-	10,080	3,063	69,337	8,083	90,563	84,608
Total current liabilities	20,873	54,576	16,259	94,222	72,175	258,105	236,364
Noncurrent liabilities:							
Long term debt:							
Bonds payable	-	633,117	-	791,871	-	1,424,988	1,465,673
Other long-term liabilities	-	4,999	3,731	-	-	8,730	21,988
Refundable advances	-	-	-	-	184	184	2,065
Total long term liabilities	-	638,116	3,731	791,871	184	1,433,902	1,489,726
Total liabilities	**20,873**	**692,692**	**19,990**	**886,093**	**72,359**	**1,692,007**	**1,726,090**
Deferred Inflow	**25,364**	**-**	**-**	**-**	**-**	**25,364**	**-**
NET POSITION							
Net investment in capital assets	42,190	162,200	55,057	1,569	156,700	417,716	395,572
Restricted - expendable	-	113,225	-	41,561	4,407	159,193	155,457
Restricted - nonexpendable	-	-	-	-	7,568	7,568	7,568
Unrestricted	(32)	(35,650)	9,952	47,662	18,914	40,846	5,985
Total net position	**$ 42,158**	**$ 239,775**	**$ 65,009**	**$ 90,792**	**$ 187,589**	**$ 625,323**	**$ 564,582**

The accompanying notes are an integral part of this statement.

Exhibit 5-b

District of Columbia
Discretely Presented Component Units
Combining Statement of Activities
For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)
($000s)

	Health Benefit Exchange Authority	Washington Convention and Sports Authority	Not-for-Profit Hospital Corporation	Housing Finance Agency	University	Totals 2014	Totals 2013 as restated
Expenses	$ 23,180	$ 134,906	$ 108,149	$ 54,009	$ 134,230	$ 454,474	$ 553,075
Program revenues:							
Charges for services, fees, fines & forfeits	-	25,350	103,761	31,689	30,695	191,495	151,638
Operating grants and contributions	20,374	-	2,280	-	20,456	43,110	39,432
Capital grants and contributions	17,220	-	-	-	22,898	40,118	47,704
Net (expense) revenue	14,414	(109,556)	(2,108)	(22,320)	(60,181)	(179,751)	(314,301)
General revenues:							
Investment earnings	-	3,322	(304)	6,269	3,756	13,043	45,557
Miscellaneous	-	6,924	1,969	17,856	15,224	41,973	31,992
Subsidy from primary government	-	105,451	13,334	-	66,691	185,476	190,513
Total general revenues	-	115,697	14,999	24,125	85,671	240,492	268,062
Change in net position	14,414	6,141	12,891	1,805	25,490	60,741	(46,239)
Net position at October 1 (as restated)	27,744	233,634	52,118	88,987	162,099	564,582	610,821
Net position at September 30	$ 42,158	$ 239,775	$ 65,009	$ 90,792	$ 187,589	$ 625,323	$ 564,582

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Index

NOTES TO THE BASIC FINANCIAL STATEMENTS

September 30, 2014

(Dollar amounts expressed in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND AND HISTORY OF THE GOVERNMENTAL UNIT

General Operations

The District of Columbia (the District) was created on March 30, 1791, from territory ceded by Maryland and Virginia. Article 1, section 8, clause 17 of the United States Constitution empowered Congress to establish the seat of government for the United States. Pursuant to the cited Constitutional provisions, the District was established as the nation's capital on December 1, 1800.

On January 2, 1975, Congress granted the District a Home Rule Charter, which became effective through the enactment of the District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198. Pursuant to its charter, the District is a municipal corporation, which operates under an elected Mayor-Council form of government. Accordingly, an Act of the Council, other than a Budget Request Act, becomes law unless Congress and the President of the United States disapprove it after it has been adopted. Citizens residing in the District have the right to vote for the President and Vice-President of the United States but not for members of Congress. The District does, however, have an elected non-voting Delegate to the United States House of Representatives.

Due to its unique organizational structure (i.e., not part of a state government), the District provides a broad range of services to its residents, including those normally provided by a state. These services include: public safety and protection, fire and emergency medical services, human support and welfare services, public education, and many others.

B. FINANCIAL REPORTING ENTITY

Component Units

A financial reporting entity consists of a primary government and its component units. Accordingly, for financial reporting purposes, the primary government is the District of Columbia, including all of the agencies that make up its legal entity. The criteria used to determine whether organizations are to be included as component units within the District's financial reporting entity are as follows:

- The organization is a legally separate entity.
- The District appoints a voting majority of the organization's board.
- There is a financial benefit/burden relationship between the District and the organization or the District is able to impose its will on the organization.

Organizations meeting the above criteria are included in the District's financial reporting entity as discretely presented component units. Entities which meet any one of the following in addition to the above criteria are considered to be blended component units of the District:

- The organization's governing body is substantively the same as the District's governing body and (1) there is a financial benefit or burden relationship between the District and the organization, or (2) management of the District has operational responsibility for the organization.
- The organization provides services entirely, or almost entirely, to the District, or otherwise exclusively, or almost exclusively, benefits the District even though it does not provide services directly to it.
- The organization's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with District resources.

Legally separate organizations that do not otherwise meet the criteria for inclusion as a component unit may be included in the financial reporting entity if it is determined that their exclusion would render the financial statements misleading. This determination is based on the nature and significance of the organization's relationship with the District.

Based on the application of the criteria outlined above, the District includes five discretely presented component units in its reporting entity: Health Benefit Exchange Authority, Housing Finance Agency, Not-for-Profit Hospital Corporation (d/b/a United Medical Center), University of the District of

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Columbia, and Washington Convention and Sports Authority. Each of these organizations is a legally separate entity with a governing board that is appointed by the Mayor, with the advice and consent of the Council. In addition, with respect to each of these entities, one or both of the following conditions exists: (a) there is a financial benefit or burden relationship between the District and the organization or (b) the District is able to impose its will on the organization. Each entity's relationship with the District is discussed briefly below:

- **Health Benefit Exchange Authority** - The District has the ability to impose its will on the Health Benefit Exchange Authority because the District is able to approve or modify the entity's budgets and may overrule, veto, or modify certain decisions made by the Authority's governing board (i.e., the awarding of contracts valued at $1 million or more.) In addition, the Council must approve or disapprove the rules adopted by the Authority; therefore, the District has the ability to modify or approve the rates or fees charged by the Authority.

- **Housing Finance Agency** – The District is able to impose its will on the Housing Finance Agency because the Council has the ability to modify the financing for Housing Finance Agency projects and, consequently, has the ability to affect the Agency's budget. In addition, the District has the authority to approve or modify rental rates and may overrule certain decisions made by the Agency's Board (i.e., contracts valued at $1 million or more.)

- **Not-For-Profit Hospital Corporation** – There is a financial benefit/burden relationship between the District and the Corporation because the District has assumed the obligation to provide financial support to the Corporation to help sustain the hospital's operations. In addition, the District is able to impose its will on the Corporation because the District has the ability to modify or approve the Corporation's budget.

- **University of the District of Columbia** – A financial benefit/burden relationship exists between the University and the District because the District provides financial support to the University in the form of subsidy payments. In addition, the District is able to impose its will on the University because the District has the ability to approve and/or modify the University's budget.

- **Washington Convention and Sports Authority** – There is a financial benefit/burden relationship between the Washington Convention and Sports Authority and the District because the District is legally obligated or has otherwise assumed the obligation to provide financial support to the Washington Convention and Sports Authority through the transfer of certain dedicated taxes which are linked directly to the hospitality sector. In addition, the District is able to impose its will on the Washington Convention and Sports Authority because the District has the ability to modify or approve the Washington Convention and Sports Authority's budget and the rates or fees charged by that entity.

The financial data for these organizations is presented in a separate column in the government-wide financial statements to emphasize that these entities are legally separate from the District.

The financial statements of each discretely presented component unit may be obtained from the following locations:

Health Benefit Exchange Authority
Executive Director
1225 Eye Street, N.W., Suite 400
Washington, D.C. 20005

Housing Finance Agency
Executive Director
815 Florida Avenue, N.W.
Washington, D.C. 20001

Not-For-Profit Hospital Corporation
d/b/a United Medical Center
Chief Executive Officer
1310 Southern Avenue, S.E.
Washington, D.C. 20032

University of the District of Columbia
President
Van Ness Campus
4200 Connecticut Avenue, N.W.
Washington, D.C. 20008

Washington Convention and Sports Authority
General Manager
801 Mount Vernon Place, N.W.
Washington, D.C. 20001

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District of Columbia Tobacco Settlement Financing Corporation (the Tobacco Corporation) was created by the Tobacco Settlement Financing Act of 2000 as a special purpose, independent instrumentality of the District government. The Tobacco Corporation, which is legally separate from the District, was established to purchase all of the District's rights, title, and interest in the Master Settlement Agreement executed by participating cigarette manufacturers, states and other jurisdictions. The Tobacco Corporation issued bonds in FY 2001 to finance the purchase of the District's securitized right, title and interest in the tobacco settlement revenues.

The Tobacco Corporation is a blended component unit because: (a) the District appoints the Tobacco Corporation's Board; (b) the District is legally entitled to and can otherwise access the Tobacco Corporation's resources, thereby establishing a benefit/burden relationship; (c) the District has the ability to modify or approve the Tobacco Corporation's budget, thereby, giving the District the ability to impose its will on the Tobacco Corporation and (d) the Tobacco Corporation provides services entirely to the District.

Separate audited financial statements for the Tobacco Corporation are available at the Office of the Chief Financial Officer, Office of Finance and Treasury, 1101 4th Street, S.W., Suite 800, Washington, D.C. 20024.

Related Organizations

A related organization is an entity for which the District is accountable because the District appoints a voting majority of its governing board; however, the District is not *financially* accountable for the organization. The District reports two entities as related organizations: the District of Columbia Housing Authority (Housing Authority) and the District of Columbia Water and Sewer Authority (WASA) because the Mayor, with the consent and advice of the Council, appoints a majority of the voting members of these organizations' governing boards. However, the District's accountability for these organizations does not extend beyond these appointments.

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. *Joint control* means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients.

The District participates with other local jurisdictions in a joint venture to plan, construct, finance and operate a public transit system serving the Metropolitan Washington Area Transit zone, which includes the District of Columbia; the cities of Alexandria, Falls Church, Fairfax, Manassas, and Manassas Park and the counties of Arlington, Fairfax, Loudoun, and Prince William in Virginia; and the counties of Montgomery, Anne Arundel, and Prince George's in Maryland. The Washington Metropolitan Area Transit Authority (WMATA) was created in February 1967 to fulfill the purposes of the joint venture.

Pursuant to P.L. 111-62, which revised the WMATA compact agreement, WMATA is governed by an eight-member board and eight alternates, comprised of two directors and two alternates for Maryland, Virginia, the District of Columbia, and the federal government. The directors and alternates for Maryland are appointed by the Washington Suburban Transit Commission from among its members; for Virginia, by the Northern Virginia Transportation Commission from among its members; for the District of Columbia, by the Council from its members and mayoral nominees; and for the federal government, by the Administrator for General Services. The District does not have explicit measurable equity interest in the joint venture; accordingly, the District does not include the financial activities of the joint venture in its financial statements. However, condensed financial statements are presented as disclosures. Further information regarding this joint venture is discussed in Note 12 on page 122.

C. BASIS OF PRESENTATION

Government-wide Financial Statements – The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. Because assets of fiduciary funds are held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide financial statements. Governmental activities of the primary government, which normally are supported

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The government-wide financial statements are comprised of the following:

- *Statement of Net Position* – The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District's governmental and business-type activities and its discretely presented component units. The District reports all debts and capital assets, including infrastructure, in the government-wide Statement of Net Position. The District reports net position in three distinct categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

- *Statement of Activities* – The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include fines and forfeitures; charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The District also reports depreciation expense (the cost of "using up" capital assets) in the Statement of Activities.

Fund Financial Statements - Fund accounting is used to demonstrate legal compliance and to segregate transactions related to certain District functions or activities. Each fund represents a separate accounting entity and the transactions in each fund are summarized in a separate set of self-balancing accounts which include assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues and expenses/expenditures.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements.

Governmental Funds are used to account for all of the District's general activities. The acquisition, use and balance of the District's expendable financial resources and the related liabilities and deferred inflow of resources (except those accounted for in the proprietary funds and the discretely presented component units) are accounted for in the governmental funds.

The District reports the following major governmental funds:

- *General Fund* - used to account for all financial resources not accounted for in other funds.

- *Federal and Private Resources Fund* - used to account for proceeds of intergovernmental grants and other federal payments, private grants and private contributions that are legally restricted to expenditure for specified purposes.

- *Housing Production Trust Fund* - used to account for the financial resources which provide financial assistance to a variety of affordable housing programs and opportunities across the District such as: (a) fund initiatives to build affordable housing; (b) provide homeownership opportunities for low income families; and (c) preserve existing federally assisted housing. The Housing Production Trust Fund is administered by the Department of Housing and Community Development.

- *General Capital Improvements Fund* - used to account for the purchase or construction of capital assets financed by operating transfers, capital grants and debt proceeds.

Nonmajor Governmental Funds include four Special Revenue Funds: (1) Tax Increment Financing (TIF) Program Fund; (2) Tobacco Settlement Financing Corporation (TSFC) Fund; (3) PILOT Special Revenue Fund; and (4) Baseball Special Revenue Fund. Other Nonmajor Governmental Funds include the Highway Trust Fund, and the Debt Service Fund.

Proprietary Funds are used to account for activities similar to those found in the private sector. The criteria for inclusion as a proprietary fund include: (a) the costs (including depreciation) of providing goods or services primarily or solely to the public on a continuing basis are financed or recovered mostly through user charges; and (b) the determination of net income is necessary or useful for sound financial administration. The District's proprietary funds include two major proprietary funds which are discussed below:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- *Lottery and Games Fund* - used to account for revenues from lotteries and daily numbers games operated by the District, and from the issuance of licenses to conduct bingo games and raffles, and related prizes, expenses and capital outlays. Gaming activities are administered by the Lottery and Charitable Games Control Board, which consists of five members appointed by the Mayor with the consent of the Council.

- *Unemployment Compensation Fund* - used to account for the accumulation of financial resources to be used for benefit payments to unemployed former employees of the District, Federal agencies and private employers in the District. Resources are contributed by private employers at rates fixed by law, and by the federal government on a reimbursable basis. The administrative costs of the program are accounted for in the General Fund.

  Unemployment Insurance in general is a federal-state program that provides temporary benefits to workers who become unemployed through no fault of their own, and who are able and available for work. The benefits paid to unemployed workers reduce the hardship of unemployment, help maintain purchasing power of the unemployed, thereby supporting the local economy, and help to stabilize the workforce so that local workers are available to employers when they are ready to re-employ. The cost of the unemployment insurance program is financed by employers who pay state and federal taxes on part of the wages paid to each employee in a calendar year.

  The Emergency Unemployment Compensation (EUC) program is a 100% federally funded program that provides benefits to individuals who have exhausted regular state benefits. The EUC program was created on June 30, 2008 and has been modified several times. The American Taxpayer Relief Act of 2012 (P.L. 112-240) extended the expiration date of the EUC program to January 1, 2014. The extended benefit payments beyond the 26 weeks base period have to be authorized by the Federal Government. When this happens, the states, including the District of Columbia, are reimbursed by the Federal Government to cover the extended benefits.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. The District reports the following fiduciary funds:

- *Pension and Other Postemployment Trust Funds* – used to report the activities of the District's retirement systems, which accumulate financial resources for pension benefit payments to eligible District employees and assets that are accumulated and benefits that are paid for postemployment healthcare and life insurance.

- *Private Purpose Trust Fund* - used to report trust arrangements not reported in pension trust funds under which principal and income benefit individuals, private organizations, or other governments. The District uses this fund to account for amounts held in its 529 College Savings Investment Plan, which was established to help families save for college education expenses of designated beneficiaries while also receiving certain tax benefits.

- *Agency Funds* – used to report those resources which are held by the District in a purely custodial capacity and do not involve measurement of results of operations.

Fiduciary funds are not included in the government-wide financial statements because the resources cannot be used for operations of the government.

Prior Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include sufficient details to constitute a presentation in conformity with U.S. generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the District's financial statements for the year ended September 30, 2013, from which such summarized information was derived.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governmental entities as established by the Governmental Accounting Standards Board (GASB).

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Therefore, the Statement of Net Position reports all assets, including receivables regardless of

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

when collected, and capital assets, such as heavy trucks and infrastructure (i.e., highways and bridges), deferred outflows of resources, all liabilities regardless of when payment is due, deferred inflows of resources, and net position.

The Statement of Activities is designed to present the degree to which the direct expenses of a particular function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for goods or services, grant revenues, and fines. Tax revenues are reported separately as general revenues. The Statement of Activities reports: (a) expenses associated with governmental activities; (b) expenses associated with business-type activities; and (c) the expenses of component units. The expenses of the governmental activities include governmental fund expenditures that are not eliminated or reclassified and current year depreciation on capital assets. The effect of interfund activity is eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental Funds

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus, only current assets, deferred outflow of resources, current liabilities, deferred inflow of resources, and fund balance are reported on the balance sheet.

Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues of governmental funds are recognized in the year they become susceptible to accrual (both measurable and available) to pay current fiscal year liabilities. Property taxes are considered to be available if they are collected within 60 days of the fiscal year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues, with the exception of expenditure-driven grants, which are recognized when all eligibility criteria and compliance requirements have been met and the related amounts are earned.

Service payment expenditures and liabilities such as debt service, compensated absences, claims and judgments, and special termination benefits are recorded in the governmental fund statements only when they mature or become due for payment within the period. Otherwise, such activity is reported in the government-wide financial statements as incurred.

Proprietary Funds, Pension and Other Postemployment Benefits (OPEB) Trust Funds, and Component Units

The proprietary funds, pension and OPEB trust funds, private purpose trust fund, and discretely presented component units are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on their respective Statements of Net Position. Net position of the proprietary funds is segregated into net investment in capital assets, restricted, and unrestricted components. Under the accrual basis of accounting, revenues are recognized in the fiscal year earned and expenses are recognized in the fiscal year incurred. The related operating statements of proprietary funds present increases (revenues) and decreases (expenses) in net position. Operating statements of pension and private purpose trust funds present additions and deductions in fiduciary net position.

Proprietary funds classify revenues and expenses as either operating or nonoperating. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The Pension and OPEB Trust Funds recognize additions to net position, derived from various sources, as follows:

- Participants' contributions, when due;
- District contributions, when due and a formal commitment for payment has been made; and
- Net investment income, as earned.

Expenditures for benefits and refunds are recognized when due and payable. The Private Purpose Trust Fund recognizes additions to net position when participants' contributions are received.

Revenue Recognition (by Type or Source)

Property Taxes

Property taxes are recognized as revenue in the tax

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

year for which they are levied, provided they are available.

Real property taxes are levied as of October 1 on property values assessed as of the preceding January 1. The tax levy is due and collectible in two equal installments on March 31 and September 15. After these dates, the bill becomes delinquent and the District may assess penalties and interest. Real property taxes attach as enforceable liens on property as of October 1 of the year after levy.

In the District, the personal property tax is self-assessed. Each year, on or before July 31, property owners must file a personal property tax return covering the tax year beginning July 1 and ending June 30 of the next year. The return should report the remaining cost of all tangible personal property as of July 1 that is taxable in the District of Columbia. Property taxes are levied after the returns are filed. If a taxpayer fails to pay the levied taxes when due, the District would have a legal claim to the taxpayer's property. Pursuant to the Clarification of Personal Property Tax Revenue Reporting Act of 2011, the revenue budget for Personal Property Tax is formulated with the understanding that 100% of collections are to be allocated for the year in which the tax was levied.

Other Taxes and Revenues

Sales and use taxes are recognized as revenue when the sales or uses take place. Interest on investments is recognized when earned. Charges for services are recorded as revenues when services are provided.

Intergovernmental Revenues

Intergovernmental revenues are amounts derived through agreements with other governments. In general, these revenues are comprised of contributions and grants made by the federal government to the District. Contributions are recognized as revenue when received. Generally, entitlements and shared revenues are recognized as revenue at the time of receipt or earlier, if measurable and available. Resources arising from grants are usually subject to certain eligibility requirements; therefore, most grant revenues are recognized as revenue only when the conditions of the grant are met. Grant funds received with all eligibility requirements met except for the timing requirement are recorded as deferred inflows of resources.

Supplemental Nutrition Assistance Program (SNAP)

The District participates in the federal government's Supplemental Nutrition Assistance Program (SNAP) (food stamp program), which is designed to increase the food purchasing power of economically disadvantaged residents. The District uses the electronic benefits transfer (EBT) system that allows program beneficiaries to charge their qualifying food purchases, thereby eliminating the need for paper stamps. Revenues and expenditures are reported in the federal and private resources fund when the underlying transaction (the food purchase) occurs.

Revenues Susceptible To Accrual

Revenues which are susceptible to accrual include: taxes, federal contributions and grants, charges for services, and investment income.

Revenues Not Susceptible To Accrual

Licenses, permits, fines, and forfeitures are recorded as revenue when received in cash because they are generally not measurable until received. However, fines that remain unpaid after the allowable grace period or after appeals are denied become susceptible to accrual.

E. BASIS OF BUDGETING AND BUDGETARY CONTROL POLICIES

Process

On or about March 20 of each year, at the direction of the Council, the Mayor submits to the Council an annual budget for the District of Columbia government, which includes: (1) the budget for the forthcoming fiscal year, commencing October 1, specifying the agencies and purposes for which funds are being requested; (2) an annual budget message; (3) a multi-year plan for all agencies of the District government; and (4) a multi-year capital improvement plan by project for all agencies of the District government. The Council holds public hearings and adopts the budget through passage of a budget request act. The Mayor may not forward and the Council may not adopt any budget for which expenditures and other financing uses exceed revenues and other financing sources. On or about June 1 of each year, after receipt of the budget proposal from the Mayor, and after the public hearings, the Council adopts the annual budget for the District of Columbia government. The Mayor submits the budget to the President of the United States for transmission by him to the Congress. After public hearings, the Congress enacts the budget through an appropriations act.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Appropriations Act

The Congressional Appropriations Act authorizes District government expenditures at the function level or by appropriation title, such as Public Safety and Justice, Human Support Services, or Public Education. In general, after enactment of the annual Appropriations Act by Congress, the District may transmit amendments or supplements to the budget by submitting a request for supplemental appropriation to the President and Congress. However, within certain limits, pursuant to D.C. Code §47-369.02, the District may supplement its General Fund budget simply by sending notification to Congress 30 days in advance of the changes taking place.

Pursuant to Home Rule Act § 446 and the Reprogramming Policy Act (D. C. Official Code §47-363 (2001), as amended), the District may reallocate budget amounts. The appropriated budget amounts in the Budgetary Comparison Statement (Exhibit 2-d found on page 47) include all approved reallocations and other budget changes. This statement reflects budget to actual comparisons at the function (or appropriation title) level as well as by agency. Actual expenditures and uses may not legally exceed appropriated budgeted expenditures and uses at the function level as shown in this statement. A negative expenditure variance in the budgetary comparison statement for a particular function is a violation of the federal Anti-Deficiency Act (31 U.S.C. §§1341, 1342, 1349, 1351, 1511-1519 (2008)); the District of Columbia Anti-Deficiency Act (D.C. Official Code §§47-355.01-355.08, (2001)); and Section 446 of the Home Rule Act, (D.C. Official Code § 1-204.46). In addition, a negative expenditure variance for a particular agency within an appropriation title is also a violation of the D.C. Anti-Deficiency Act.

The Appropriations Act specifically identifies expenditures and net operating results but does not specify revenue amounts. The legally adopted revenue budget is based primarily on the revenue estimates submitted to the President and Congress as modified through legislation.

By law, for budgeting purposes, the general fund includes the federal and private resources fund as presented in the Budgetary Comparison Statement in Exhibit 2-d. The budgetary basis of accounting used to prepare this statement differs from the GAAP basis used to prepare the general fund and federal and private resources fund statements presented in Exhibit 2-b due to the following differences:

- *Basis Differences* – which arise because the basis of budgeting differs from the basis of accounting prescribed by GAAP as indicated in Note 1X on page 76.
- *Entity Differences* – which result from the inclusion or exclusion of certain activities for budgetary purposes as opposed to those included or excluded on a GAAP basis as indicated in Note 1X on page 76.

Budgetary Controls

The District maintains budgetary controls designed to monitor compliance with expenditure limitations contained in the annual appropriated budget approved by Congress and the President. The level of budgetary control (i.e., the level at which expenditures and other obligations cannot legally exceed the appropriated amount) is established by function, fund, and agency within the general fund.

Encumbrances

Encumbrance accounting is used in the governmental funds. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the required portion of an appropriation. Encumbrances outstanding at year-end do not constitute expenditures or liabilities for GAAP or budgetary purposes. Encumbered amounts lapse at year-end in the General Fund and may be re-appropriated and re-encumbered as part of the subsequent year's budget. However, encumbered amounts do not lapse at year-end in the Capital Projects Fund, Special Revenue Funds, or Federal and Private Resources Fund.

Encumbered amounts at year-end have been included within the restricted fund balance in **Table N53a** – Schedule of FY 2014 Fund Balance found on page 121.

F. CASH AND INVESTMENTS

Cash and Cash Equivalents

Cash from the governmental and proprietary funds is pooled unless prohibited by law. The cash management pool is used as a demand deposit account by each participating fund. If a fund overdraws its share of the pooled cash, that fund reports a liability (Due To) to the General Fund, which is deemed to have loaned the cash to the overdrawn fund. The General Fund reports a receivable (Due From) from the overdrawn fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in such a short period of time that their values are effectively immune from changes in interest rates. The District's cash management pool is considered a cash equivalent. For an investment to be considered a cash equivalent, it must mature no more than three months after the date it is purchased.

Investments

Cash that is not needed for immediate disbursement is invested to generate investment income. The District purchases legally authorized investments consistent with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56, D.C. Official Code §47-351.01, et seq.), which became effective March 18, 1998, and the District's Investment Policy, adopted November 2008. At September 30, 2014, the District invested primarily in securities backed by the U.S. government which included obligations of Government Sponsored Entities (GSEs) that have the explicit and implicit guarantee of the U.S. federal government. Such investments are considered to be cash equivalents if they mature within 90 days after the date of purchase. The Pension Trust Funds are authorized to invest in fixed income, equity securities and other types of investments. Also, the Private Purpose Trust Fund is authorized to invest monies consistent with the District's Investment Policy. Historically, this Fund's investments have been comprised of equities, balanced funds, and fixed income securities.

The Pension Trust Funds' investments are reported at fair value. All investments, with the exception of real assets, hedge funds, and private equity, are valued based on closing market prices or broker quotes. Securities not having a quoted market price are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of investments in real assets, hedge funds or private equity, in the absence of a readily ascertainable market value, are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners.

Portfolio investments of the Private Purpose Trust Fund are valued at the closing net asset value per share (unit) of each underlying fund on the day of valuation. The stability of principal portfolio is valued in accordance with the terms of the corresponding funding agreement, inclusive of accrued interest. Security transactions, normally in shares of the underlying funds, are accounted for on the trade date basis. Realized gains and losses are reported on the identified cost basis. Income and capital gains distributions, if any, from investments in the underlying funds are recorded on the ex-dividend date.

Money market investments must be in compliance with the requirements of Rule 2a-7 (17 CFR 270.2a-7) under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.). Money market investments that have a maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. Other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment purchases and sales are recorded as of the trade date. These transactions are not finalized until the settlement date. Cash received as collateral on securities lending transactions and investments made are reported as assets and related liabilities for collateral received.

G. INVENTORY

Inventory reported in the governmental funds consists of materials and supplies held for consumption. Inventory on hand at year-end is stated at cost (generally using the weighted average method). The District utilizes the consumption method to account for inventory whereby materials and supplies are recorded as inventory when purchased and as expenditures/expenses when they are consumed.

Consistent with District practices, inventories of the proprietary funds are to be recorded at the lower of weighted average cost or market. The Not-For-Profit Hospital Corporation is the only component unit which reports inventory which is recorded at the lower of cost or market. Cost is determined using the first-in-first-out (FIFO) method.

H. RESTRICTED ASSETS

Certain governmental and proprietary fund assets, some assets reported by the component units, and all fiduciary fund assets are restricted as to use by legal or contractual requirements. Any excess of restricted assets, deferred outflow of resources over liabilities, deferred inflow of resources from restricted assets is reported as part of the restricted net position in the government-wide, proprietary, and fiduciary financial statements and as "restricted" fund balance in the governmental fund financial statements, to indicate the portion of the net position or fund balance that is

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

available for restricted purposes only. Restricted assets also include cash deposited in bank accounts legally restricted for certain purposes such as the payment of bond principal and interest.

I. PREPAID ITEMS

Prepaid items are payments made by the District in the current fiscal year for services to be received in the subsequent fiscal year. Such advance payments are recorded as prepaid charges at the time of prepayment and recognized as expenditures/expenses when the related services are received.

In governmental funds, long-term debt premiums/ (discounts) and issuance costs are recognized in the current period as other financing sources/ (uses) and fiscal charges, respectively. In the government-wide financial statements, long-term debt premiums/ (discounts) are capitalized and amortized over the term of the related debt using the outstanding balance method and issuance costs are expensed in the period incurred.

J. RECEIVABLES AND PAYABLES

Taxes receivable are taxes levied by the District, including interest and penalties on delinquent taxes, which have not been collected, canceled or abated, less the portion of the receivables estimated not to be collectible. Accounts receivable are amounts owed by customers for goods or services sold. Intergovernmental receivables are amounts owed by other governments to the District.

Accounts payable are amounts owed to vendors for goods or services purchased and received. Intergovernmental payables are amounts owed to other governments.

K. TRANSFERS AND OTHER TRANSACTIONS BETWEEN FUNDS

Interfund transactions are categorized as: (a) revenue and expense/expenditure transactions consisting of temporary interfund transactions which include reimbursements and quasi-external transactions; or (b) reallocation of resources, transactions including temporary interfund loans, advances or operating transfers. Reimbursements between funds occur when expenditures/expenses made from one fund are properly applicable to another fund.

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Due To Other Funds" or "Due From Other Funds." Any remaining balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances." Short-term amounts owed between the primary government and a discretely presented component unit is classified as "Due To/From Primary Government" and "Due To/From Component Units" on the Statement of Net Position.

Transfers are included in the results of operations of both the governmental and proprietary funds. Accordingly, transfers are reported in the "Other Financing Sources/ (Uses)" section of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds and in the "Transfers" section in the Statement of Revenues, Expenses, and Changes in Net Position of the Proprietary Funds.

L. CAPITAL ASSETS

Capital assets, which include property, land, equipment, land improvements, and infrastructure (i.e., roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities or component units columns in the government-wide financial statements and proprietary fund financial statements. All purchased capital assets are stated at cost when historical records are available and at estimated historical cost when no historical records exist.

Assets acquired through capital leases are stated at the lesser of the present value of the lease payments or the fair value of the asset at the date of lease inception. Donated capital assets are stated at their estimated fair market value on the date received. The cost of maintenance and repairs that does not add to the value of the assets or materially extend their useful lives is not capitalized. Betterments are capitalized as separate assets. Capital asset purchases are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds and component units' financial statements.

Intangible assets are legal rights which lack physical substance; have a useful life of more than one reporting year; meets the capitalization threshold; and are nonfinancial in nature. For financial reporting

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purposes, the District includes such assets in Construction-in-Progress (CIP).

When the construction of assets is financed through the issuance of long-term debt, interest is capitalized in the government-wide financial statements and proprietary funds. The amount of interest to be capitalized is calculated by offsetting interest expense incurred on tax-exempt debt from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capitalization and Depreciation Policies

Capitalized assets have an original cost of $5 (five thousand) or more per unit. Depreciation is calculated on each class of depreciable property using the straight-line method. Estimated useful lives for capital assets are shown in **Table N1** by class.

Table N1 – Estimated Useful Lives (by Asset Class)

	Useful life
Storm Drains	45 years
Infrastructure	20-40 years
Buildings	50 years
Equipment and Machinery	5-10 years
Furniture and Fixtures	5 years
Vehicles (and Other Mobile Equipment)	5-12 years
Library Books	5 years
Leasehold Improvements	10 years, not to exceed term of lease

M. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net position by the District that is applicable to a future reporting period. Deferred outflows of resources have a natural debit balance and therefore, increase net position in a manner similar to assets.

N. CAPITAL LEASES

In general, a lease is considered to be a capital lease if it meets any one of the following criteria:

- The lease transfers ownership of the property to the lessee at the end of the lease term.
- The lease contains an option to purchase the leased property at a bargain price.
- The lease term is equal to or greater than 75% of the estimated life of the leased property.
- The present value of rental and other minimum lease payments equals or exceeds 90% of the fair value of the leased property less any investment tax credit less executory cost retained by the lessor.

Leased property having elements of ownership is recorded in the government-wide and proprietary fund financial statements. The related obligations, in amounts equal to the present value of future minimum lease payments due during the term of the leases, are also recorded in these financial statements.

O. COMPENSATED ABSENCES

Benefit Accumulation Policies

The District's policy allows employees to accumulate unused sick leave, with no maximum limitation. Annual leave (vacation) may be accumulated up to 240 hours, regardless of the employee's length of service, while there is no limit to the amount of compensatory leave (leave granted to eligible employees in lieu of paid overtime) that may be accumulated.

Recording of Accrual for Accumulated Leave

The District records vacation leave as an expenditure and related liability in the governmental fund financial statements only to the extent that the compensated absences have matured or come due for payment. Accumulated annual leave that has not matured by the end of the current fiscal year is reported in the government-wide financial statements. Accumulated annual leave of the proprietary funds and discretely presented component units is recorded as an expense and liability as the benefits accrue to employees.

The District does not record a liability for accumulated rights to receive sick pay benefits. At the time of retirement, however, unused sick leave can be used to determine employees' years of service. District employees earn sick leave credits that are considered termination payments at the time of retirement. For instance, one month would be added to the years and months of service of employees who have accumulated 22 days of sick leave in the Civil Service Retirement System or in the District Retirement Program.

The District estimates the potential sick leave credits

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(termination payments) at fiscal year-end based on the number of employees who are currently eligible for retirement and sick leave payments upon separation, or who are expected to become eligible in the future to receive such payments.

P. LONG-TERM LIABILITIES

Pursuant to Section 603 of the District of Columbia Home Rule Act, as amended, no long-term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all general obligation debt to exceed 17% of the total General Fund revenues of the fiscal year in which the debt is issued. The legal debt limitation is calculated annually by dividing maximum annual principal and interest by current-year total General Fund revenues.

In addition, consistent with the Limitation on Borrowing and Establishment of Operating Cash Reserve Act of 2008 (D.C. Code § 47-335.02), the Council shall not approve a District bond issuance if the applicable annual debt service on the District bond issuance would cause the debt service on all District bonds in the fiscal year in which the District bonds are issued, or in any of the three succeeding fiscal years, to exceed 12% of General Fund expenditures in any applicable fiscal year.

General obligation bonds, revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds or discretely presented component units are included in the accounts of such funds. All other long-term indebtedness of the District, such as disability compensation, compensated absences, employee separation incentives and accreted interest liabilities, which have been incurred but not financed, are reported in the government-wide financial statements. Such obligations are to be paid through the District's General Fund.

The District began paying principal on its 2002 Mandarin TIF Capital Appreciation Bonds (CABs) on July 1, 2002, and will make such payments annually until July 1, 2021. The CABs accrete to their full value at maturity. Interest is accreted and compounded semi-annually using rates ranging from 5.56% to 5.91%. Accreted interest is calculated throughout the maturity periods of the bonds and is recorded in the government-wide financial statements. The accreted value of such bonds is the current value, plus the interest that has been accumulating on the bonds.

The District will begin paying principal on its 2006 Tobacco CABs in June 2046 and June 2055. There are no periodic interest payments due. The CABs accrete to their full value at maturity. Interest is accreted and recorded annually using rates ranging from 6.25% to 7.25%. Accreted interest is calculated throughout the maturity periods of the bonds and is recorded in the government-wide financial statements. The accreted value of such bonds is the current value, plus the interest that has been accumulating on the bonds.

Q. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net position by the District that is applicable to a future reporting period. Deferred inflow of resources has a natural credit balance, and therefore, decreases net position much in the same manner as do liabilities.

R. NEW ACCOUNTING STANDARDS ADOPTED

During the fiscal year ended September 30, 2014, the District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 66, Technical Corrections – 2012—an Amendment of GASB Statements No. 10 and No. 62

Issued in March 2012, the objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits funds-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local*

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Governments.

This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases,* and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* respectively.

Implementation of this statement had no material impact on the District's fiscal year 2014 financial statements.

Statement No. 67, Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25

Issued in June 2012, this statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

This Statement, along with Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes a definition of a pension that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered, as follows:

- Single-employer pension plans - those in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent multiple-employer pension plans (agent pension plans) - those in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing multiple-employer pension plans (cost-sharing pension plans) - those in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

This Statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria.

Implementation of this statement by the District of Columbia Retirement Board had no material impact on the District's fiscal year 2014 financial statements.

Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees

Issued in April 2013, the objective of this Statement is to improve accounting and financial reporting by state

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

Implementation of this statement had no material impact on the District's fiscal year 2014 financial statements.

S. NEW ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN THE FUTURE

The District plans to implement the following pronouncements by the required implementation dates. Earlier implementation will occur when deemed feasible.

Statement No. 68, Accounting and Financial Reporting for Pensions –an amendment of GASB Statement No. 27

Issued in June 2012, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and related expenses/ expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

The requirements of this statement are effective for fiscal years beginning after June 15, 2014, the District's fiscal year 2015.

Statement No. 69, Government Combinations and Disposals of Government Operations

Issued in January 2013, this Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. GASB Statement No. 69 also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term *operations* for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

GASB Statement No. 69 requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this statement are effective for government combinations and disposals of government operations occurring in fiscal years beginning after December 15, 2013, the District's fiscal year 2015.

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68

Issued in November 2013, this statement addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of Statement No. 71 are required to be applied simultaneously with the provisions of Statement No. 68. Consequently, the requirements of this statement are effective for fiscal years beginning after June 15, 2014, the District's fiscal year 2015.

T. NET POSITION AND FUND BALANCE

Assets plus deferred outflows less liabilities less deferred inflows equal "Net Position" in the government-wide, proprietary, and fiduciary fund statements and "Fund Balance" in governmental fund statements. In the government-wide and proprietary fund financial statements, "Net Position" is further categorized as:

- *Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, net of unspent proceeds, that are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

- *Restricted Net Position* - This category presents net position subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Non-expendable restricted net position represents the portion of net position that must be held in perpetuity in accordance with donor stipulations.

- *Unrestricted Net Position* - This category represents net position not restricted for any project or other purpose.

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in governmental fund financial statements, fund balances are classified as follows:

- *Nonspendable* - resources which cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact.

- *Restricted* – resources with use constraints which are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

- *Committed* – resources which can only be used for specific purposes pursuant to limitations imposed by formal action of the District government's highest level of decision-making authority. Amounts in this category may be redeployed for other purposes with the appropriate due process. Committed amounts cannot be used for any other purpose unless the District government removes or changes the specified use by taking the same type of action it used to previously commit the amounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- *Assigned* – resources neither restricted nor committed for which the District has a stated intended use as established by the Mayor, Council, or a body or official to which the Mayor or Council has delegated the authority to assign amounts for specific purposes. These are resources where the constraints/restrictions are less binding than that for committed resources.

- *Unassigned* – resources which cannot be classified in one of the other four categories. The general fund is the only fund that is permitted to report a positive unassigned fund balance amount. In other governmental funds, it is not possible to report a positive unassigned fund balance; if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance may be reported.

For committed fund balance, the bodies which have the highest level of decision-making authority are the Executive Office of the Mayor and the Council of the District of Columbia (the Council). The Council must pass legislation to establish, modify, or rescind a commitment of fund balance. Consistent with Sections 424, 448, and 450 of the District of Columbia Home Rule Act, the District's Mayor, Council, and Chief Financial Officer are responsible for managing the District's financial resources. In fulfilling their respective responsibilities, the Mayor, Council, or Chief Financial Officer, as authorized, may assign portions of fund balance for specific purposes; however, the assignment of fund balance must be formally documented in the form of an Executive Order, letter, or some other official directive.

It is the policy of the District to use restricted resources first, followed by committed resources and the assigned resources, when expenses are incurred for purposes for which any of these resources are available. Therefore, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and considers committed fund balance to have been spent when an expenditure has been incurred for purposes for which committed, assigned, or unassigned amounts could have been used. The District does, however, reserve the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Consistent with mandates imposed by the federal government and D.C. Code §1-204.50a, the District is required to maintain cash reserves totaling 6% of the previous fiscal year's general fund expenditures less debt service costs. The 6% includes a contingency cash reserve of 4% and an emergency cash reserve of 2%.

As of September 30, 2014, the District's fund balance included the following categories (see **Table N53a** on page 121)

Nonspendable Fund Balance

Inventory – This portion of fund balance represents amounts not available for appropriation or expenditure because the underlying asset (inventory) is not an available financial resource for appropriation or expenditure.

Restricted Fund Balance

Emergency and Contingency Cash Reserves – This portion of fund balance represents amounts that, in accordance with legislative mandate, are held in two funds: an emergency cash reserve fund and a contingency cash reserve fund, to be used for unanticipated and non-recurring, extraordinary needs of an emergency nature.

Debt Service – Bond Escrow – This portion of fund balance represents that portion of investments held in escrow that are available for future debt service obligations or requirements.

Budget – This portion of fund balance represents unused FY 2014 budget reserve amounts that are restricted for specific purposes and available for such purposes until expended.

Purpose Restrictions – This portion of fund balance represents resources from grants and other revenues with limitations on how the District may expend the funds.

Payment in Lieu of Taxes (PILOT) – This portion of fund balance is restricted for payment of future debt service associated with the PILOT Revenue Bonds.

Tobacco Settlement – This portion of fund balance is restricted to pay future debt service and related expenses associated with the Tobacco Corporation's issuance of Tobacco Settlement Asset-Backed Bonds in fiscal years 2001 and 2006.

Tax Increment Financing (TIF) Program – This portion of fund balance is restricted for debt service on TIF Bonds.

Housing Production Trust – This portion of fund balance is restricted to provide financial assistance to developers for the planning and production of low,

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

very low, and extremely low income housing and related facilities.

Highway Projects – This portion of fund balance is restricted for the purpose of executing federal highway projects.

Baseball Special Revenue – This portion of fund balance represents resources set aside for baseball debt service payments.

Soccer Stadium – This portion of fund balance represents resources set aside for financing the infrastructure costs associated with the construction of the soccer stadium.

Committed Fund Balance

Fiscal Stabilization Reserve – This portion of fund balance is committed to purposes permitted for use of the Contingency Reserve Fund (except for cash flow management purposes).

Cash Flow Reserve – This portion of fund balance is committed to cover cash flow needs; provided that any amounts used must be replenished to this reserve in the same fiscal year.

Budget Support Act – This portion of fund balance is committed to various non-lapsing accounts established in the budget support act, which is a local law.

Commodities Reserve – This portion of fund balance represents unexpended funds which were appropriated for fixed costs at the end of the fiscal year pursuant to the Commodities Cost Reserve Fund Act of 2005.

Dedicated Taxes – This portion of fund balance represents the portions of the District's tax revenue streams which are dedicated for specific purposes and are not available for general budgeting.

Other Special Purposes – This portion of fund balance is committed to activities financed by fees and charges for services.

Assigned Fund Balance

Contractual Obligations – This portion of fund balance represents amounts set aside by the executive branch to fund other special purpose (O-Type) fund activities.

Subsequent Years' Expenditures – This portion of fund balance represents amounts to be used to finance certain non-recurring policy initiatives and other expenditures included in the FY 2015 budget approved by the District Council.

Unassigned Fund Balance

Capital Projects – This portion of fund balance is restricted for the purpose of executing capital projects. The capital projects fund reported a negative unassigned fund balance at September 30, 2014 because expenditures were made in the Capital Projects Fund from resources that were advanced from the General Fund in anticipation of bond proceeds that will be restricted to the purpose for which those expenditures were made.

Minimum Fund Balance Policies

Restricted Fund Balances

Through Congressional mandate, the District is required to maintain cash reserves totaling 6% of the previous fiscal year's General Fund expenditures (local portion) less debt service cost. The 6% is comprised of a contingency cash reserve of 4% and an emergency cash reserve of 2%. These reserves are reported as restricted cash and restricted net position in the government-wide financial statements.

Contingency Reserve

The contingency reserve may only be used for nonrecurring or unforeseen needs that arise during the fiscal year, including expenses associated with unforeseen weather conditions or other natural disasters, unexpected obligations created by federal law or new public safety or health needs or requirements that have been identified after the budget process has occurred, or opportunities to achieve cost savings. In addition, the contingency reserve may be used, as needed, to cover revenue shortfalls experienced by the District government for three consecutive months (based on a two-month rolling average) that are 5% or more below the budget forecast. The contingency reserve fund may not be used to fund any shortfalls in any projected reductions which are included in the budget proposed by the District for the fiscal year.

Each fiscal year, the District must appropriate sufficient funds during the budget process to replenish any amounts allocated from the contingency reserve fund during the preceding fiscal years. Such appropriation is necessary so that not less than 50% of any amount allocated in the preceding fiscal year or the amount necessary to restore the contingency reserve fund to the 4% required balance, whichever is less, is replenished by the end of the first fiscal year following such allocation. In addition, 100% of the amount allocated

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or the amount necessary to restore the contingency reserve fund to the 4% required balance, whichever is less, must be replenished by the end of the second fiscal year following each such allocation.

Emergency Reserve

The emergency reserve fund may be used to provide for unanticipated and nonrecurring extraordinary needs of an emergency nature, including a natural disaster or calamity or unexpected obligations by federal law. The emergency reserve fund may also be used in the event that a State of Emergency is declared by the Mayor. However, the emergency reserve fund may not be used to fund: (a) any department, agency, or office of the District government which is administered by a receiver or other official appointed by a court; (b) shortfalls in any projected reductions which are included in the budget proposed by the District for the fiscal year; or (c) settlements and judgments made by or against the District government.

Each fiscal year, the District must appropriate sufficient funds during the budget process to replenish any amounts used from the emergency reserve fund during the preceding fiscal years. Such appropriation is necessary so that not less than 50% of any amount allocated in the preceding fiscal year or the amount necessary to restore the emergency reserve fund to the 2% required balance, whichever is less, is replenished by the end of the first fiscal year following such allocation. In addition, 100% of the amount allocated or the amount necessary to restore the emergency reserve fund to the 2% required balance, whichever is less, must be replenished by the end of the second fiscal year following each such allocation.

Committed Fund Balances

Fiscal Stabilization Reserve

The fiscal stabilization reserve may be used by the Mayor for the same purposes for which the contingency reserve was established (except for cash flow management purposes.) At full funding, this reserve must equal 2.34% of the District's General Fund operating expenditures for the current fiscal year.

Cash Flow Reserve

The cash flow reserve may be used by the District's Chief Financial Officer to cover cash flow needs. When amounts are used, the cash flow reserve must be replenished in the same fiscal year of use. At full funding, the cash flow reserve must equal 8.33% of the General Fund operating budget for the current fiscal year.

If either the fiscal stabilization reserve or the cash flow reserve is below full funding upon issuance of the Comprehensive Annual Financial Report, the District's Chief Financial Officer must commit 50% of the unassigned end-of-year fund balance to each reserve, or 100% of the end-of-year unassigned fund balance to the reserve that has not reached full capacity, to fully fund the reserves to the extent allowed by the end-of-year fund balance. Moreover, if the amount required for the contingency reserve or emergency cash reserve is reduced, the amount required to be retained in the fiscal stabilization reserve is to be increased by the same amount.

U. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 9 and pursuant to D.C. Code §1-621.13, employees hired after September 30, 1987, who retire may be eligible to continue their healthcare benefits. Furthermore, in accordance with D.C. Code §1-622.16, these employees may convert their group life insurance to individual life insurance. The expense of providing such benefits to employees hired prior to October 1, 1987, is paid by the federal government and the District has no liability for these costs. However, the District provides health and life insurance benefits to retirees first employed by the District after September 30, 1987.

The District utilizes a graded contribution schedule whereby District contributions to the plan are based on the employee's years of creditable District service. District contributions are limited such that the District pays no more than 75% of the cost of health insurance, and 30% of the cost of life insurance for eligible retirees. The District also pays no more than 40% of the premium for a retiree's spouse and dependent health insurance coverage. More information regarding the OPEB contribution policy is presented in Note 10 on page 117.

The District records a liability in its government-wide financial statements for its portion of the cost of postemployment benefits. A liability for such benefits is not recorded in the fund statements. The District began funding the OPEB plan on an actuarial basis in fiscal year 2008.

As of September 30, 2014, there were 555 OPEB Plan participants receiving such benefits. The

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

participants were comprised of 418 teachers, police, and firefighters, and 137 general District retirees. During fiscal year 2014, $5.1 million was paid from the OPEB plan for the associated insurance carrier premiums and other administrative costs.

V. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to use estimates and make assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the basic financial statements. The use of estimates may also affect the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from the estimates used.

W. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and governmental activities on the government-wide statement of net position

The governmental funds balance sheet includes reconciliation between fund balances - total governmental funds versus net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that certain deferred inflows of resources under the modified accrual basis of accounting, are reported as revenues in the government-wide financial statements. The difference in deferred inflows of resources of $127,276 between the two statements is a reconciling item, which is attributable to the modified accrual basis of accounting having been used to defer property tax revenues and other unavailable revenues in the governmental funds as this amount is not currently available for use in fiscal year 2014. The accrual basis of accounting is used to record revenues in the government-wide financial statements.

Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and governmental activities on the government-wide statement of activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances of governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

The details of the $477,150 difference related to capital outlay are as follows:

Capital outlay capitalized	$	849,992
Less:		
Depreciation expense		(414,748)
Capital asset additions		43,512
Transfer and dispositions		(1,606)
Net Adjustment	$	**477,150**

The details of the ($381,751) difference related to long-term liabilities are as follows:

Bonds issued	$	(1,072,535)
Equipment financing program		(31,716)
Premium on long-term debt		(85,679)
Less:		
Loss on refunding		7,037
Principal payments on bonds		801,142
Net Adjustment	$	**(381,751)**

The details of the $62,898 difference related to the change in accrued liabilities are as follows:

Annual leave	$	(2,245)
Future disability benefits		249
Accreted interest		(18,958)
Grant disallowances		(54,350)
Accrued interest		(13,306)
Claims and judgments		48,289
DCPS liability		4,494
Reduction on equipment financing		43,042
Amortization of premium		52,658
Boys and girls club		3,125
Net OPEB liability		(100)
Net Adjustment	$	**62,898**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

X. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The following presents the reconciliation of the budgetary basis operating results to the GAAP basis.

	GENERAL FUND	FEDERAL AND PRIVATE RESOURCES
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - BUDGETARY BASIS	$ 203,717	$ 261
Basis differences:		
Inventory is recorded using the purchase method for budgetary purposes and the consumption method on a GAAP basis	9,621	(218)
Transfers/Reclassifications	62,203	-
Debt related adjustments	(52,393)	-
Fund balance released from restrictions - a funding source for budgetary purposes but not revenue on a GAAP basis	(98,417)	(5,720)
Federal pass-through contribution (D.C. Federal Pension Fund and SNAP)	-	689,949
Federal pass-through contribution (D.C. Federal Pension Fund and SNAP)	-	(689,949)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES - GAAP BASIS	**$ 124,731**	**$ (5,677)**

The federal pass through contribution/expenditures are comprised of: on-behalf payment to D.C. Federal Pension Fund ($467,290) and payments to eligible low income families under the Supplemental Nutrition Assistance Program (SNAP) ($222,659).

Y. RESTATEMENT

Component Units

Washington Convention and Sports Authority

<u>Change in Accounting Policy/Implementation of New Accounting Standard</u>

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. Prior to the issuance of this statement, bond issuance costs were classified as an asset and amortized over the life of the related debt issuance. With the implementation of Statement 65, which the District and all other component units implemented in fiscal year 2013, bond issuance costs are classified as a current period outflow of resources and expense. Implementation of this statement resulted in a decrease in Net Position for this component unit at October 1, 2013 in the amount of $9,039.

The effect of this change in accounting policy was as follows:

	October 1, 2013
Net position, as previously reported	$ 242,673
Accounting Policy Change	(9,039)
Net position, as restated	$ 233,634

NOTE 2. CASH AND INVESTMENTS

A. CASH

The District of Columbia follows the practice of pooling cash and cash equivalents for some of its governmental funds and component units in order to provide better physical custody and control of cash, to enhance operational efficiency, and to maximize investment opportunities. In accordance with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56), which became effective on March 18, 1998, substantially all of the $3,361,932 in deposits within the custody of the District at September 30, 2014, were insured or collateralized with securities held by the District or by its agent in the District's name. At September 30, 2014, the carrying amount of cash for the primary government including the fiduciary funds was $3,156,695 and the carrying amount of cash (deposits) for the component units was $205,237.

B. INVESTMENTS

The Treasurer is authorized by District laws to invest funds in a manner that will preserve principal and meet the District's anticipated daily cash requirements, while maximizing investment earnings. The District purchases legally authorized investments consistent with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56) and the District's Cash and Investment Management Policy, adopted November 2008. The District's investment policy limits investments to obligations of the United States and agencies thereof, prime commercial paper, bankers' acceptances and repurchase agreements fully collateralized in obligations of the United States government and agency securities. During the fiscal year, the District's investments (other than those held by the Retirement Board) consisted primarily of equities and bonds. See **Table N7a** on page 81 for details.

The Retirement Board is authorized to manage and control the investment of the District's Retirement Funds' (Teachers', Police Officers' and Firefighters' Retirement Funds) assets. The Retirement Board may invest in a variety of investments including fixed income, equity securities and other types of investments. As prescribed in D.C. Code §1-907.01 (2001 ED), the Retirement Board may not invest in debt instruments of the District, the Commonwealth of Virginia, or the State of Maryland governments, political subdivisions thereof, or any entity subject to control by them; debt instruments fully guaranteed by those governments; real property in those jurisdictions; or debt instruments secured by real property in those jurisdictions, subject to the exceptions in subsection (c) of this section.

The fair values of the investments held in the control of the Retirement Board as of September 30, 2014 are presented in **Table N2**.

Table N2 – Fair Values of Investments: Retirement Board

	(Dollars in $000s)	
	2014	**2013**
Cash and short-term investments	$ 27,400	$ 96,058
Investments at fair value:		
Domestic equity	1,477,647	1,372,613
International equity	1,922,262	1,773,661
Fixed income	1,872,920	1,617,778
Real estate	354,593	356,125
Private equity	648,346	654,901
Total cash and investments at fair value	**$ 6,303,168**	**$ 5,871,136**

The District's Annuitants' Health and Life Insurance Employer Contribution Trust Fund (OPEB Trust Fund) also held investments at September 30, 2014. Cash and cash equivalents are maintained in six investment accounts. **Table N3** presents the Fund's cash and cash equivalents that were held in investment accounts as of September 30, 2014. **Table N4** presents the aggregate fair values of the Fund's investments based on quoted market prices as of September 30, 2014.

Table N3 – Cash and Cash Equivalents Held in Investment Accounts: OPEB Trust Fund

	(Dollars in $000s)	
Fund	**2014**	**2013**
Cash Account	$ 88,819	$ 109,401
Brandywine Large Cap	7,416	4,896
ClearBridge Mid Cap	1,846	4,758
Bernstein Strategic Core	17,784	21,257
Bernstein Global Plus	1,227	2,963
FMW Large Cap Growth	7,296	8,588
Total cash and cash equivalents held in investment accounts	**$ 124,388**	**$ 151,863**

NOTE 2. CASH AND INVESTMENTS

Table N4 – Aggregate Fair Values of Investments: OPEB Trust Fund

Funds	Aggregate Fair Market Value 2014	2013
Bernstein Strategic Core	$ 131,613	$ 131,080
Brandywine Large Cap Value	162,517	137,959
FMW Large Cap Growth	134,719	115,545
Bernstein Global Plus	73,639	72,789
ClearBridge Mid Cap - PRI	101,015	89,285
SSgA Bond Index	74,839	71,984
Barclays International	86,217	77,465
State Street Emerging Market Equity	33,862	-
Blue Bay Emerging Market - Debt	21,731	-
Gresham Commodities Fund	41,703	-
Royce FD	64,389	62,271
Access Capital ETI - PRI	15,728	15,158
Total Aggregate Fair Value	**$ 941,972**	**$ 773,536**

Table N5 presents the debt instruments which were held by the Retirement Board's Investment Pool as of September 30, 2014.

Table N5 – Debt Instruments Held by the Retirement Board Investment Pool at September 30, 2014

Investment Type	Fair Value (Dollars in $000s)	% of Segment	Duration	Rating*
US Agency	$ 20,322	1.09%	4.64	AA+
Asset Backed	5,787	0.31%	2.46	AA+
Bank Loans	108,393	5.79%	4.69	NR
CMBS	2,748	0.15%	3.13	AA+
CMO	7,586	0.41%	5.49	AA+
Corporate	469,896	25.09%	5.01	BB
Foreign	379,422	20.26%	2.70	AA+
Mortgage Pass-Through	177,148	9.46%	4.39	AA+
Municipal	13,739	0.73%	10.01	AA-
Unclassified	2,470	0.13%	2.26	AA+
US Treasury	657,401	35.10%	5.55	AA+
Yankee	16,305	0.87%	6.88	A
Other	11,703	0.61%	N/A	NR
Total Fixed Income	$ 1,872,920	100.00%		

* Using quality ratings provided by Standard & Poor's
N/A - Not Available
NR - Not Rated

The District's investments and those of its discretely presented component units are subject to interest rate, credit, custodial credit, and foreign currency risks. The District, including the Retirement Board, broadly diversifies the investment of District funds so as to minimize the risk of large losses, unless under the circumstances, it is clearly prudent not to do so.

The OPEB Trust Fund's investments are uninsured and unregistered and are held by the counterparty in the Plan's (or Fund's) name.

The types of risks to which the District (including the Retirement Board and the OPEB Trust Fund) may be exposed are described below:

- *Interest Rate Risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity will have a greater sensitivity to fair value changes that are related to market interest rates. As a means of limiting its exposure to fair value losses resulting from rising interest rates, the District's investment policy limits the District's portfolio to specific maturities.

  The District's investment policy stipulates that for the District's authorized investments, investment maturities are limited as follows:

Type of Investment	Maturity	Maximum Investment
U.S. Treasury Obligations	Five years	100%
Federal Agency Obligations	Five years	100%
Repurchase Agreements	90 days or less	100%
Commercial Paper	180 days or less	30%
Bankers' Acceptances	270 days or less	40%
Municipal Obligations	Five years	20%
Federally Insured or Collateralized Certificates of Deposit		30%
Money Market Mutual Funds		100%

The Retirement Board monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration is a measure of a debt instrument's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Duration measures the sensitivity of the price of a fixed income investment to a change to interest rates expressed as a number of years. As a general rule, the risk and return of the Retirement Board's fixed income segment of the portfolio is compared to the Barclays Capital US Universal Index. To mitigate interest rate risk, the fixed income segment

NOTE 2. CASH AND INVESTMENTS

is expected to maintain a weighted average duration (sensitivity to interest rate changes) within +/-2 years of the duration of this Index.

The OPEB Trust Fund addresses interest rate risk through a process that focuses on the review of investment managers and fund returns. The Fund also uses an independent consultant to review assets and recommend any appropriate changes. The average duration for Sanford Bernstein US Core Plus was 5.36 years and Global XUS Plus was 6.46 years for the fiscal year ended September 30, 2014. The average duration for Access Capital was 4.25 years as of September 30, 2014 and the duration of the SSgA Bond Index Fund was 5.61 years as of September 30, 2014. The duration of the Blue Bay Emerging Market Fund was 5.87 as of September 30, 2014.

- *Credit Risk* – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

  The District's Investment Policy limits investments in commercial paper, bankers' acceptances, municipal obligations, and money market mutual funds to certain ratings issued by nationally recognized credit rating agencies. District policy requires that for investments in: (a) commercial paper, the issuing corporation, or its guarantor have a short-term rating of no less than A-1 (or its equivalent) by at least two credit rating agencies; (b) bankers' acceptances, the short-term paper of the issuer be rated not lower than A-1 or the equivalent by a credit rating agency; (c) municipal obligations, such as bonds, notes, and other evidences of indebtedness be rated in either of the two highest rating categories by a credit rating agency, without regard to gradation; (d) money market mutual funds, the fund be rated AAAm or AAAm-G or the equivalent by a credit rating agency; and (e) repurchase agreements, the counterparty has a long-term credit rating of at least 'AA-' or the equivalent from a Nationally Recognized Statistical Rating Organization ("NRSRO") and does not have a "negative outlook" associated with such rating, has been in operation for at least five years, and is reputable among market participants.

  Unless specifically authorized otherwise in writing by the Retirement Board, fixed income managers invest retirement funds in investment grade instruments rated in the top four categories by a recognized statistical rating service.

  The average quality of the OPEB Trust Fund's bond holdings in each investment manager's portfolio should be maintained at "A" or better. The OPEB Trust Fund does not invest more than 15% of the Fund's assets in securities rated below "A". As of September 30, 2014, the average quality rating of the SSgA was Aa2, Access Capital was AAA, and Sanford Bernstein portfolios were AA-.

- *Custodial Credit Risk* – Custodial credit risk is the risk that, given a financial institution's failure, the government will not be able to recover deposits or collateral.

  Custodial credit risk occurs when investment securities are uninsured and/or not registered in the name of the government, and there is failure of the counterparty. In such cases, the government will not be able to recover the value of its investments or collateral securities held in the possession of an outside party. The District had no custodial credit risk exposure during the fiscal year. All District investments in fiscal year 2014 were collateralized. All collateral for investments is held in the District's name by the Federal Reserve in a custodial account. Any funds not invested at the end of the day are placed in overnight investments in the District's name.

  The Retirement Board had no custodial credit risk exposure during the fiscal year. All Retirement Board investments in fiscal year 2014 were collateralized. Investments held by the custodian on behalf of the Retirement Board were held in an account in the Retirement Board's name. Any funds not invested at the end of the day are placed in overnight investments in the Retirement Board's name.

- *Concentration of Credit Risk* – The District's investment policy does not allow for an investment in any single issuer that is in excess of five percent of the District's total investment Portfolio with following exceptions:

U.S. Treasury:	100% maximum
Each Federal Agency:	40% maximum
Each Repurchase Agreement Counterparty:	25% maximum
Each Money Market Mutual Fund:	25% maximum

  At September 30, 2014, the District was in compliance with this policy.

NOTE 2. CASH AND INVESTMENTS

- *Foreign Currency Risk* – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair values of an investment.

  As a general policy of the Retirement Board, investment managers with authority to invest in securities denominated in a foreign currency may reduce exposure to currency risk by systematically hedging foreign currency positions back to U.S. dollars through the foreign currency markets. Because the forward exchange rate is seldom equal to the spot exchange rate, forward hedging gains and losses may arise.

At September 30, 2014, the District had exposure to foreign currency risk with respect to investments held by the Retirement Board and the OPEB Trust Fund. At the end of fiscal year 2014, the Retirement Board held investments that were denominated in a currency other than the United States dollar, as presented in **Table N6a**.

The OPEB Trust Fund does not have a formal policy for limiting its exposure to changes in exchange rates. **Table N6b** presents the OPEB Trust Fund's investments that were denominated in a currency other than the United States dollar.

Table N6a – Retirement Board Investments Denominated in Foreign Currency

	Asset Class (in $000s)					
	Cash	Equities	Fixed Income	Private Equity	Swaps	Total
Australian Dollar	$ (357)	$ -	$ 6,037	$ -	$ 754	$ 6,434
Brazilian Real	-	-	-	-	(40)	(40)
Canadian Dollar	-	-	2,256	-	-	2,256
Danish Krone	-	1,318	-	-	-	1,318
Euro	8,377	50,731	15,451	20,972	(24)	95,507
Hong Kong Dollar	-	6,745	-	-	-	6,745
Mexican Peso	7	-	-	-	88	95
Japanese Yen	238	36,111	-	-	(170)	36,179
Pound Sterling	(14)	5,968	937	-	-	6,891
Swedish Krona	-	4,969	-	-	-	4,969
Swiss Franc	-	10,557	-	-	-	10,557
Total Foreign Currency	$ 8,251	$ 116,399	$ 24,681	$ 20,972	$ 608	$ 170,911

Table N6b – OPEB Trust Fund Investments Denominated in Foreign Currency

	(Dollars in $000s)		
	Short Term and Cash	Convertible and Fixed Income	Total
Australian Dollar	$ 63	$ 1,325	$ 1,388
Canadian Dollar	-	3,993	3,993
Euro Currency	38	26,625	26,663
Pound Sterling	7	14,308	14,315
Japanese Yen	84	16,148	16,232
New Zealand Dollar	20	1,973	1,993
Mexican Peso	-	966	966
Swedish Krona	-	678	678
South African Rand	-	193	193
Singapore Dollar	-	363	363
Total Foreign Currency	**$ 212**	**$ 66,572**	**$ 66,784**

NOTE 2. CASH AND INVESTMENTS

Table N7a – Cash and Investments Detail

		Total Carrying Value
INVESTMENTS		
Primary Government:		
U. S. government securities	$ 6,282	
Certificates of deposit	75,100	
Mortgage-backed securities	6,236	
Guaranteed investment contracts	2,148	
Repurchase agreements	11,155	
Total Primary Government		$ 100,921
Fiduciary Funds:		
Pension trust funds' investments held by Board's agent in Board's name and Private Purpose Trust Fund:		
Commodities	41,703	
Equity securities	4,222,585	
Fixed income securities	2,299,014	
Real estate	354,594	
Private equity	648,346	
Total Fiduciary Funds		7,566,242
Component Units:		
Certificates of deposit	6,363	
U. S. government securities	171,917	
Fixed income securities	8,468	
Corporate securities	1,875	
Investment contracts	24,716	
Equities	18,135	
Money market	154,874	
Alternative investments	14,870	
Total Component Units		401,218
Total reporting entity investments		**$ 8,068,381**
CASH BALANCES		
Primary government		$ 2,923,911
Fiduciary Funds		232,784
Component units		205,237
Total cash balances		**$ 3,361,932**
Total Cash and Investment Balances		**$ 11,430,313**

NOTE 2. CASH AND INVESTMENTS

Table N7b – Reconciliation of the District's Cash and Investment Balances

(Dollars in $000s)

	Exhibit 1-a			Exhibit 4-a				
	Primary Government	Component Units	Total (Exhibit 1-a)	Pension/OPEB Trust Funds	Private Purpose Trust Fund	Agency Funds	Total (Exhibit 4-a)	Total Cash and Investment Balances
Cash and cash equivalents	$ 1,126,578	$ 84,778	$ 1,211,356	$ -	$ -	$ -	$ -	$ 1,211,356
Investments	-	117,989	117,989	-	-	-	-	117,989
Cash and cash equivalents (restricted)	1,797,333	120,459	1,917,792	151,788	-	80,996	232,784	2,150,576
Investments (restricted)	100,921	283,229	384,150	7,217,740	348,502	-	7,566,242	7,950,392
Total	**$ 3,024,832**	**$ 606,455**	**$ 3,631,287**	**$ 7,369,528**	**$ 348,502**	**$ 80,996**	**$ 7,799,026**	**$ 11,430,313**

Derivative Instruments

Derivative instruments are generally defined as contracts, the value of which depends on or derives from the value of an underlying asset, reference rate or index. Structured financial instruments are also defined as derivatives, such as mortgage-backed securities, asset-backed securities, and floating rate notes. Other common types of derivatives used by governments include: interest rate and commodity swaps, interest rate locks, and forward contracts.

Table N8 presents the fair value balances and notional amounts of the District's derivative instruments outstanding at September 30, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the fiscal year 2014 financial statements.

Table N8 - Derivative Instruments Outstanding at September 30, 2014

(Dollars in $000s)

	Changes in Fair Value		Fair Value at September 30, 2014		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Governmental Activities:					
Cash flow hedges:					
Floating to fixed interest rate swaps:					
2014B (formerly 2008C) Swap	Deferred inflow	$188	Swap	($39,256)	$224,300
2007 AWC Swap	Deferred inflow	$1,783	Swap	(7,495)	$111,550
2004B Swap	Deferred inflow	$275	Swap	(1,279)	$29,115
Deferred outflow of resources, at end of year				**($48,030)**	
Floating to floating interest rate swaps:					
2001C/D Basis Swap	Investment revenue	$446	Swap	$459	$278,080
Derivative instrument liabilities, at end of year				**($47,571)**	

The fair values of the interest rate swaps were provided by the counterparty to each respective swap and confirmed by the District's financial advisor. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. The fair values of the interest rate swaps were estimated using the zero coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve. The current swap and the new swap payments are present valued at the LIBOR spot rates. The difference in the present value of the cash flows will equal the fair value.

NOTE 2. CASH AND INVESTMENTS

Objective and Terms of Hedging Derivative Instruments

Table N9 presents the objective and terms of the District's hedging derivative instruments outstanding at September 30, 2014, along with the credit rating of the associated counterparty.

Table N9 – Objectives and Terms of Hedging Derivative Instruments Outstanding at September 30, 2014

(Dollars in $000s)

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swaps:						
2014 B (formerly 2008C) Swap	Hedge of changes in cash flows on the Series 2014B Bonds (formerly 2008C Bonds)	$ 224,300	10/15/02	06/01/27	Pay fixed rate of 3.615%; receive 67% of 1-month LIBOR	Baa2/A-/A
2007 AWC Swap	Hedge of changes in cash flows on the Series 2007 AWC PILOT Revenue Bonds	$ 111,550	09/20/07	12/01/21	Pay fixed rate of 4.463%; receive the rate that matches the rate paid on the underlying bonds (SIFMA) plus 0.70%	Aa3/AA-/AA-
2004 B Swap	Hedge of changes in cash flows on the Series 2004B General Obligation Bonds	$ 29,115	12/08/04	06/01/20	Pay fixed rates of 4.598%, 4.701%, 4.794% and 5.121%; receive the rate that matches the rate on the underlying bonds (CPI Muni Index)	Aa3/A+/A+
Pay Floating Basis Swaps:						
2001 C/D Basis Swap	Reduces basis risk by providing for a closer match between the underlying variable rate bonds and the variable rate swap receipts from the counterparty	$ 278,080	06/02/03	06/01/29	Pay 67% of LIBOR; receive variable rate as a percentage of the actual LIBOR reset each month ranging from 60% to 90% of LIBOR	Aa3/A+/A+

NOTE 2. CASH AND INVESTMENTS

Risks

Credit Risk

The fair market values of the interest rate swaps represent the District's obligation to the respective counterparties if the swap agreements were terminated. The District is exposed to credit risk on hedging derivative instruments that have positive fair values (or are in asset positions). To minimize its exposure to loss related to credit risk, the District diversified its counterparties and as such, has a different counterparty for each of its outstanding swaps. The credit ratings of each of the counterparties as of September 30, 2014 were as presented in **Table N9**.

The District was exposed to minimal credit risk because most of the interest rate swaps had negative fair values. The aggregate fair value of hedging derivative instruments in asset positions at September 30, 2014, was $459. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. In each of the District's swap agreements, the payments are netted against the obligations within each swap. As such, if the District is owed any payment due to an event of default by the counterparty that payment can be netted against any outstanding obligations within that specific swap agreement.

Interest Rate Risk

The District is exposed to interest rate risk on its interest rate swaps. As LIBOR or the SIFMA swap index decreases, the District's net payment on its pay-fixed, receive variable interest rate swaps increases.

As of September 30, 2014, the fair value of the investments in derivative instruments subject to interest rate risk was $459 ($459 thousand). These investments had maturities of more than 10 years.

The District invested in a floating-to-fixed rate swap in connection with its $214,155 Multimodal General Obligation Bonds, Series 2001C and its $69,715 Multimodal General Obligation Refunding Bonds, Series 2001D (2001C/D Swap). At September 30, 2014, the notional amount of the 2001C/D Swap was $278,080. The District pays the counterparty 67% of LIBOR and the counterparty pays the District a variable rate as a percentage of the actual LIBOR reset each month. The original swap agreement was executed on December 6, 2001 and the District entered into an enhanced swap agreement on June 2, 2003. The 2001C/D swap matures in June 2029. At September 30, 2014, this interest rate swap had a fair value of $459.

Basis Risk

The District is exposed to basis risk on its pay-fixed interest rate swap and rate cap hedging derivative instruments because the variable-rate payments received by the District on these hedging derivative instruments are based on a rate or index other than interest rates the District pays on its hedged variable-rate debt, which is remarketed every 7 days. In order to mitigate basis risk, the District typically executes a basis swap which pays the District a higher percentage of LIBOR as interest rates decrease. As of September 30, 2014, the weighted-average interest rate on the District's hedged variable–rate debt was approximately 0.19%, while the SIFMA swap index rate was 0.18% and 67% of LIBOR was 0.14%.

Termination Risk

The District or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the associated contract. The District is exposed to termination risks on its pay-fixed interest rate swap agreements, which incorporate the International Swap Dealers Association (ISDA) Master Agreement. The ISDA Master Agreement includes standard termination events. Accordingly, an interest rate swap may be terminated if a counterparty or its Credit Support Provider, or the District has one or more outstanding issues of rated unsecured, unenhanced senior debt and none of such issues has a rating of at least (i) BAA3 or higher as determined by Moody's Investors Service, Inc.; (ii) BBB-, or higher as determined by Standard & Poor's Ratings Service; or (iii) an equivalent investment grade rating determined by a nationally recognized rating service acceptable to both parties.

If at the time of termination, a hedging derivative instrument is in a liability position, the District would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements, as applicable.

Rollover Risk

The District is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the District will be re-exposed to the risks being hedged by the hedging derivative instrument. In order to mitigate this risk, the District matches the maturity of each fixed to floating rate swap with the maturity date of the underlying bonds. The District was not exposed to rollover risk during fiscal year 2014.

NOTE 2. CASH AND INVESTMENTS

Retirement Board Derivatives

During fiscal year 2014, the District's Retirement Funds, in accordance with the policies of the Retirement Board, and through the District's Retirement Funds' investment managers who have full discretion over investment decisions, invested in various derivative instruments either to increase potential earnings or to hedge against potential losses.

To-be-announced market trades (TBAs) (sometimes referred to as "dollar rolls") are used by the District's Retirement Funds as an alternative to holding mortgage-backed securities outright to raise the potential yield and to reduce transaction costs. The selected TBAs are used because they are expected to behave the same in duration and convexity as mortgage-backed securities with identical credit, coupon and maturity features. Credit risk is managed by limiting these transactions to primary dealers. Market risk for this type of security is not significantly different from the market risk for mortgage-backed securities.

Foreign currency forwards, futures contracts and foreign currency options are generally used by the District's Retirement Funds for defensive purposes. These contracts hedge a portion of the District's Retirement Funds' exposure to particular currencies on occasion when significant adverse short-term movement in exchange rate levels is expected.

Foreign currency forward and futures contracts can pose market risk when the maximum potential loss on a particular contract is greater than the value of the underlying investment. Market risks arise due to movements in the foreign exchange rates underlying the contracts used by the District's Retirement Funds. Credit risk is managed by limiting transactions to counterparties with short-term credit ratings of Al or Pl or by trading on organized exchanges. Market risk for currency options is limited to the purchase cost. Credit risk is managed by limiting transactions to counterparties with investment-grade ratings or by trading on organized exchanges.

Equity index futures were also used by the District's Retirement Funds in order to gain exposure to equity markets in a more efficient and liquid manner than directly investing in all of the underlying equity securities. Equity index futures may pose market risk when the maximum potential loss on a particular contract is greater than the value of the underlying investment. Market risks arise due to movements in the equity markets underlying the contracts used by the District's Retirement Funds. The notional amounts of the contracts are not included in the derivatives holdings disclosed. Credit risk is managed by dealing with member firms of the futures exchanges.

Exchange-traded and over-the-counter bond futures and options are used by the District's Retirement Funds to gain exposure to fixed income markets in a more efficient and liquid manner than by purchasing the underlying bonds. Market risk for these options is limited to purchase cost. Credit risk is managed by limiting transactions to counterparties with investment-grade ratings or by trading with member firms of organized exchanges.

Warrants are used by the District's Retirement Funds to gain equity exposure and to enhance performance. Warrants are often distributed by issuers to holdings of common stocks and bonds, and are held for the same fundamental reasons as the original common stock and/or bond holdings. Rights are a security that gives the holder the entitlement to purchase new shares issued by a corporation at a predetermined price in proportion to the number of shares already owned. Market risk for warrants and rights is limited to the purchase cost. Credit risk for warrants and rights is similar to the underlying equity and/or bond holdings. All such risks are monitored and managed by the District's Retirement Funds' external investment managers who have full discretion over such investment decisions.

Swaps represent an agreement between two or more parties to exchange a sequence of cash flows during a predetermined timeframe. The District's Retirement Funds utilize swaps for several different reasons: to manage interest rate fluctuations, to protect against a borrower default, and to gain market exposure without having to actually own the asset. The District's Retirement Funds may manage credit exposure through the use of credit default swaps. A credit default swap (CDS) is a contract whereby the credit risk associated with an investment is transferred by entering into an agreement with another party who, in exchange for periodic fees, agrees to make payments in the event of a default or other predetermined credit event. One of the main advantages of a CDS is that it allows for exposure to credit risk while limiting exposure to other risks such as interest rate and currency risk.

The District's Retirement Funds also hold derivative instruments indirectly by participating in pooled, commingled, or short-term funds that hold derivatives. Information regarding any risks associated with these holdings is not generally available.

NOTE 2. CASH AND INVESTMENTS

Table N10 presents a list of the District's Retirement Funds' derivatives aggregated by type as of September 30, 2014.

Table N10 – Retirement Board Derivative Investments Aggregated by Type

	(Dollars in $000s)				
	Changes in Fair Value (4)		Fair Value at September 30, 2014		
Type of Derivative	Classification	Amount (1)	Classification	Amount (2)	Notional (3)
Credit Default Swaps Bought	Investment Revenue	$ (773)	Swaps	$ 282	$ 15,707
Credit Defaut Swaps Written	Investment Revenue	(165)	Swaps	289	36,616
Fixed Income Futures Long	Investment Revenue	713	Futures	-	2,900
Fixed Income Futures Short	Investment Revenue	(2,072)	Futures	-	(20,078)
Fixed Income Options Bought	Investment Revenue	(205)	Options	99	2,100
Fixed Income Options Written	Investment Revenue	515	Options	(225)	(42,773)
Foreign Currency Options Written	Investment Revenue	(83)	Options	(181)	(13,561)
Futures Options Written	Investment Revenue	72	Options	-	-
FX Forwards	Investment Revenue	1,400	LT Instruments	1,060	96,764
Pay Fixed Interest Rate Swaps	Investment Revenue	(1,191)	Swaps	323	37,393
Receive Fixed Interest Rate Swaps	Investment Revenue	836	Swaps	873	38,993
Rights	Investment Revenue	-	Common Stock	-	-
Warrants	Investment Revenue	166	Common Stock	166	352
Grand Totals		$ (787)		$ 2,686	

(1) Negative values (in brackets) refer to losses
(2) Negative values refer to liabilities
(3) Notional may be a dollar amount or size of underlying futures and options contracts; negative values refer to short positions
(4) Excludes futures margin payments

C. SECURITIES LENDING

District statutes and the Retirement Board's policies permit the District's Retirement Funds to participate in securities lending transactions by relying on a Securities Lending Authorization Agreement, which authorizes the master custodian to lend the Retirement Board's securities to qualified broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2014, the master custodian, at the direction of the Retirement Board, loaned a portion of the District's Retirement Funds' public equity and fixed income securities secured by collateral in the form of United States and foreign currency cash, securities issued or guaranteed by the United States government, the sovereign debt of foreign countries and irrevocable bank letters of credit. This collateral could not be pledged or sold unless the borrower defaulted on the loan. Borrowers were required to deliver and maintain collateral for each loan in an amount equal to (i) at least 102% of the market value of the loaned securities in the United States; or (ii) 105% of the market value of the loaned securities in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States.

The Retirement Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool (the Quality D Fund).

Because the Quality D Fund does not meet the requirements of Securities and Exchange Commission Rule 2a-7 of the Investment Company Act of 1940, the master custodian has valued the Fund's investments at fair value for reporting purposes.

NOTE 2. CASH AND INVESTMENTS

The Quality D Fund is not registered with the Securities and Exchange Commission. The master custodian, and consequently the investment vehicles it sponsors (including the Quality D Fund), are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the Funds' position in the Quality D Fund is not the same as the value of the District's Retirement Funds' shares.

There was no involuntary participation in an external investment pool by the Quality D Fund and there was no income from one fund that was assigned to another fund by the master custodian during fiscal year 2014.

During fiscal year 2014, the Retirement Board did not restrict the amount of the loans that the master custodian made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon and there were no losses resulting from a default of the borrowers or the master custodian during 2014.

The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in the Quality D Fund which is comprised of a liquidity pool and a duration pool. As of September 30, 2014, the liquidity pool had an average duration of 39.86 days and an average weighted final maturity of 111.67 days for USD collateral. As of this date, the duration pool had an average duration of 41.98 days and an average weighted final maturity of 2,263.38 days for USD collateral. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower.

Investments are restricted to issuers with a short-term credit rating not lower than A1/P1, or long-term ratings not lower than A-/A3, or the equivalent thereof. The liquidity pool will have a dollar-weighted average maturity of no more than 75 calendar days and a dollar-weighted average maturity to final not to exceed 180 calendar days. The Quality D Fund may invest up to 10% of its assets at the time of purchase in other investment vehicles managed by the master custodian provided they conform to fund guidelines. On September 30, 2014, the Retirement Board had no credit risk exposure to borrowers.

As of September 30, 2014, the fair value of securities on loan was $24,726. Associated collateral totaling $25,336 was comprised of cash which was invested in the Quality D Fund. As of September 30, 2014, the invested cash collateral had a fair value of $24,982.

During the fiscal year ended September 30, 2014, the market value of the shares in the Quality D Fund purchased with cash collateral by the lending agent was less than the cost, resulting in an unrealized loss of $355.

The collateral held are included in total assets shown in Exhibit 4-a, and the securities on loan are included in total liabilities and reported at their carrying amounts also in Exhibit 4-a.

Net security lending income is comprised of three components: gross income, broker rebates, and agent fees. Gross income is equal to earnings on cash collateral received in a security lending transaction. A broker rebate is the cost of using that cash collateral. Agent fees represent the fees paid to the agent for administering the lending program. Net security lending income is equal to gross income less broker rebates and agent fees. Security lending income for fiscal year 2014 was recorded on a cash basis which approximated the accrual basis. For the year ending September 30, 2014, securities lending income was $369 and securities lending expense was $87, resulting in net securities lending income of $282.

NOTE 3. RESTRICTED ASSETS

At September 30, 2014, restricted assets of the primary government, component units, and fiduciary funds totaled $10,100,968 as summarized in **Table N11**.

Table N11 – Summary of Restricted Assets

	Governmental Funds/Governmental Activities					
	General	Federal & Private Resources	Housing Production Trust Fund	General Capital Improvements	Non-Major	Total
Bond Escrow Accounts	$ 437,786	$ -	$ -	$ -	$ -	$ 437,786
Capital Project	-	-	-	129,426	61,180	190,606
Emergency Cash Reserves	355,417	-	-	-	-	355,417
Others	77,475	114,844	166,468	-	232,204	590,991
Total	$ 870,678	$ 114,844	$ 166,468	$ 129,426	$ 293,384	$ 1,574,800

	Proprietary Funds/Business-Type Activities				
	Lottery & Games	Unemployment Compensation	Total	Fiduciary Funds	Component Units
Bond Escrow Accounts	$ -	$ -	$ -	$ -	$ 154,144
Unpaid Prizes	6,282	-	6,282	-	-
University Endowment	-	-	-	-	12,047
Benefits	-	317,172	317,172	7,799,026	-
Purpose restrictions	-	-	-	-	223,229
Other	-	-	-	-	14,268
Total	$ 6,282	$ 317,172	$ 323,454	$ 7,799,026	$ 403,688

The bond escrow accounts in general fund include bond escrow for capital lease payment of $8,162.

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

A. RECEIVABLES

Receivables are valued at their estimated collectible amounts. These receivables are presented in various funds as shown in **Table N12**.

Table N12 – Receivables

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Lottery & Games	Unemployment Compensation	Fiduciary Funds
Gross Receivables:								
Taxes	$ 497,812	$ -	$ -	$ 12,171	$ 2,876	$ -	$ -	$ -
Accounts and other	165,972	12,514	258	-	31,545	4,928	36,743	10,005
Federal	65	439,700	2,495	61,918	-	-	855	1,402
Total gross receivables	663,849	452,214	2,753	74,089	34,421	4,928	37,598	11,407
Less-allowance for uncollectibles	40,797	-	-	6,136	-	182	24,977	-
Total net receivables	$ **623,052**	$ **452,214**	$ **2,753**	$ **67,953**	$ **34,421**	$ **4,746**	$ **12,621**	$ **11,407**

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

B. INTERFUND TRANSFERS

Table N13 shows a summary of interfund transfers for the fiscal year ended September 30, 2014.

Table N13– Summary of Interfund Transfers

TRANSFER FROM (Out)	TRANSFER TO (In)	PURPOSE		AMOUNT
General Fund	Highway Trust Fund	Motor fuel Taxes dedicated to the Highway Trust Fund	$	22,962
General Fund	Highway Trust Fund	Taxes imposed for Capital Projects - Parking and Storage		18,526
Lottery and Games	General Fund	DC Lottery excess revenues, after operating cost		54,966
General Fund	Capital Improvements Fund	PAYGO - Projects financed by the General Fund		59,798
General Fund	Tax Increment Financing Fund	Local revenues transferred to TIF		12,627
Capital Improvements Fund	General Fund	Transfer of Bike Sharing revenues		2,690
Capital Improvements Fund	General Fund	Capital Improvements Fund financing to help address potential budget shortfall		36,396
Tax Increment Financing Fund	General Fund	Tax imposed to pay debt service on economic development projects		6,988
PILOT Special Revenue Fund	General Fund	Excess collection		4,731
Federal and Private Resources Fund	General Fund	Revenues generated from indirect cost recovery		1,488
Baseball Special Revenue Fund	Baseball Debt Service Fund	Funds for baseball debt service payments		53,604
Baseball Special Revenue Fund	General Fund	Baseball Fund financing to help address potential budget shortfall		17,934
General Fund	Housing Production Trust Fund	Funds for housing projects and services		38,966
		TOTAL INTERFUND TRANSFERS	**$**	**331,676**

C. RECEIVABLES AND PAYABLES BETWEEN FUNDS AND COMPONENT UNITS

Due to/Due from and interfund receivable and payable balances for each fund and individual component unit at September 30, 2014, are shown in **Table N14**.

Table N14 – Summary of Due To /Due From and Interfund Balances

	Primary Government/ Component Units		Interfund	
Fund or Component Unit	**Receivables**	**Payables**	**Receivables**	**Payables**
General	$ 37,037	$ 14,528	$ 265,950	$ 14,387
Federal & Private Resources	-	11,213	31,817	138,875
Housing Production Trust	-	-	4,642	-
General Capital Improvements	-	7,896	4	107,150
Nonmajor-Highway Trust	-	-	611	-
Nonmajor-Baseball Special Revenue	665	-	3,421	17,934
Nonmajor-PILOT Special Revenue	-	-	773	-
Nonmajor - Tax Increment Financing	-	1,384	4,939	-
Unemployment Compensation	-	-	-	32,224
Pension Trust	-	-	-	1,476
Agency Fund	-	-	-	111
Health Benefit Exchange Authority	10,314	7,303	-	-
Not For Profit Hospital Corporation	186	-	-	-
Washington Convention and Sports Authority	12,370	3,535	-	-
University of the District of Columbia	12,151	26,864	-	-
Total	**$ 72,723**	**$ 72,723**	**$ 312,157**	**$ 312,157**

The above balances represent the impact of transactions among the funds and component units which will be settled during fiscal year 2015.

NOTE 5. CAPITAL ASSETS

Capital Outlays

Capital outlays reported in the General Capital Improvements and Highway Trust Funds totaled $1,123,073 during the fiscal year ended September 30, 2014. As construction progresses, capital expenditures which meet the criteria to be capitalized as set forth in Note 1L, are capitalized as Construction in Progress (CIP) in the governmental activities column of the government-wide financial statements. Upon completion of the project, all project costs are transferred from CIP into the appropriate "in-service" capital asset account.

A. GOVERNMENTAL ACTIVITIES CAPITAL ASSETS BY CLASS

Table N15 presents the changes in the governmental activities capital assets by class for the primary government:

Table N15 - Changes in the Governmental Activities Capital Assets by Asset Class

Asset Class	Balance October 1, 2013	Additions	Transfers/ Dispositions	Transfers from CIP	Balance September 30, 2014
Non-depreciable:					
Land	$ 928,318	$ -	$ (30)	$ 1,231	$ 929,519
Construction in progress	1,024,766	882,955	-	(664,259)	1,243,462
Total non-depreciable	**1,953,084**	**882,955**	**(30)**	**(663,028)**	**2,172,981**
Depreciable:					
Infrastructure	5,141,641	-	-	336,541	5,478,182
Buildings	7,158,843	22,000	(800)	247,976	7,428,019
Equipment	1,568,535	21,512	(15,244)	78,511	1,653,314
Total depreciable	**13,869,019**	**43,512**	**(16,044)**	**663,028**	**14,559,515**
Less accumulated depreciation for:					
Infrastructure	(2,215,778)	(145,285)	-	-	(2,361,063)
Buildings	(1,517,094)	(145,525)	-	-	(1,662,619)
Equipment	(1,189,292)	(123,938)	14,468	-	(1,298,762)
Total accumulated depreciation	**(4,922,164)**	**(414,748)**	**14,468**	**-**	**(5,322,444)**
Total depreciable, net	**8,946,855**	**(371,236)**	**(1,576)**	**663,028**	**9,237,071**
Net governmental activities capital assets	**$ 10,899,939**	**$ 511,719**	**$ (1,606)**	**$ -**	**$ 11,410,052**

NOTE 5. CAPITAL ASSETS

B. GOVERNMENTAL ACTIVITIES CAPITAL ASSETS BY FUNCTION

Table N16 presents the changes in the governmental activities capital assets by function for the primary government:

Table N16- Governmental Activities Capital Assets by Function

Function	Balance October 1, 2013	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2014
Governmental direction and support	$ 2,414,110	$ 837	$ -	$ 51,247	$ 2,466,194
Economic development and regulation	518,583	668	(1,215)	14,165	532,201
Public safety and justice	1,069,019	7,927	(8,967)	34,992	1,102,971
Public education system	3,421,123	11,550	(3,852)	136,860	3,565,681
Human support services	1,431,419	503	(1,489)	67,415	1,497,848
Public works	5,943,083	22,027	(551)	359,580	6,324,139
Construction in progress	1,024,766	882,955	-	(664,259)	1,243,462
Total	**$ 15,822,103**	**$ 926,467**	**$ (16,074)**	**$ -**	**$ 16,732,496**

C. GOVERNMENTAL ACTIVITIES CAPITAL ASSETS ACCUMULATED DEPRECIATION BY FUNCTION

A summary of changes in governmental activities capital assets depreciation by function for the primary government is shown in **Table N17**.

Table N17 – Governmental Activities Capital Assets Accumulated Depreciation by Function

Function	Balance October 1, 2013	Additions	Transfers/ Dispositions	Balance September 30, 2014
Governmental direction and support	$ 843,037	$ 89,371	$ (218)	$ 932,190
Economic development and regulation	46,386	4,131	(380)	50,137
Public safety and justice	413,469	46,575	(9,566)	450,478
Public education system	705,209	76,959	(4,304)	777,864
Human support services	380,653	30,831	-	411,484
Public works	2,533,410	166,881	-	2,700,291
Total	**$ 4,922,164**	**$ 414,748**	**$ (14,468)**	**$ 5,322,444**

NOTE 5. CAPITAL ASSETS

D. BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS

Business-Type Activities Capital Assets are presented in **Table N18**.

Table N18 - Business-Type Activities Capital Assets

Asset Class	Balance October 1, 2013	Additions	Dispositions/ Adjustments	Balance September 30, 2014
Lottery:				
Depreciable:				
Equipment	$ 3,812	$ -	$ -	$ 3,812
Total	**3,812**	-	-	**3,812**
Total Business-Type	**3,812**	-	-	**3,812**
Less: accumulated depreciation for:				
Equipment	(3,385)	(157)	-	(3,542)
Total accumulated depreciation	(3,385)	(157)	-	(3,542)
Net capital assets	$ **427**	$ **(157)**	$ -	$ **270**

E. DISCRETELY PRESENTED COMPONENT UNITS CAPITAL ASSETS

A summary of capital assets by class for the discretely presented component units is shown in **Tables N19 and N20**.

Table N19 - Capital Assets by Class for the Discretely Presented Component Units

Asset Class	Balance October 1, 2013	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2014
Non-depreciable:					
Land	$ 20,989	$ -	$ -	$ -	$ 20,989
Artwork	2,741	-	-	-	2,741
Construction in progress	85,327	40,050	(8,204)	(62,058)	55,115
Total non-depreciable	**109,057**	**40,050**	**(8,204)**	**(62,058)**	**78,845**
Depreciable:					
Buildings and improvements	995,448	10,243	(6,466)	34,314	1,033,539
Equipment	257,270	9,151	-	27,744	294,165
Total depreciable	**1,252,718**	**19,394**	**(6,466)**	**62,058**	**1,327,704**
Less accumulated depreciation for:					
Buildings and improvements	(327,057)	(39,298)	6,041	-	(360,314)
Equipment	(196,554)	(11,083)	220	-	(207,417)
Total accumulated depreciation	**(523,611)**	**(50,381)**	**6,261**	-	**(567,731)**
Total depreciable, net	729,107	(30,987)	(205)	62,058	759,973
Net Capital Assets	$ **838,164**	$ **9,063**	$ **(8,409)**	$ -	$ **838,818**

NOTE 5. CAPITAL ASSETS

Table N20 - Capital Assets by Component Unit

	Capital Assets				Accumulated Depreciation				Net Capital Assets	
Component Units	October 1, 2013	Additions	Transfers/ Dispositions	September 30, 2014	October 1, 2013	Additions	Transfers/ Dispositions	September 30, 2014	Balance October 1, 2013	Balance September 30, 2014
University of the District of Columbia	$ 277,373	$ 23,707	$ -	$ 301,080	$ (139,892)	$ (4,488)	$ -	$ (144,380)	$ 137,481	$ 156,700
Washington Convention and Sports Authority	978,230	9,915	(14,670)	973,475	(361,261)	(36,654)	6,261	(391,654)	616,969	581,821
Health Benefit Exchange Authority	27,744	17,220	-	44,964	-	(2,774)	-	(2,774)	27,744	42,190
Housing Finance Agency	6,274	15	-	6,289	(3,823)	(248)	-	(4,071)	2,451	2,218
Not-for-Profit Hospital Corporation	72,154	8,587	-	80,741	(18,635)	(6,217)	-	(24,852)	53,519	55,889
Total	$ 1,361,775	$ 59,444	$ (14,670)	$ 1,406,549	$ (523,611)	$ (50,381)	$ 6,261	$ (567,731)	$ 838,164	$ 838,818

NOTE 5. CAPITAL ASSETS

F. CONSTRUCTION IN PROGRESS

Construction in progress by function for governmental activities capital assets is shown in **Table N21**.

Table N21 – Construction in Progress by Function

Function and Subfunction	Balance October 1, 2013	Additions/ Adjustments	Transfers from CIP/Disposition	Balance September 30, 2014
PRIMARY GOVERNMENT				
Governmental Direction and Support				
Finance	$ 15,063	$ -	$ -	$ 15,063
Legislative	-	595	(29)	566
Administrative	44,983	83,419	(61,950)	66,452
Executive	-	512	-	512
Total	60,046	84,526	(61,979)	82,593
Public Safety and Justice				
Police	16,996	29,498	(11,659)	34,835
Fire	17,263	(792)	(14,392)	2,079
Corrections	-	9,697	(872)	8,825
Total	34,259	38,403	(26,923)	45,739
Economic Development and Regulation				
Community Development	26,050	31,509	(1,075)	56,484
Economic Regulation	3,339	10,631	(13,090)	880
Total	29,389	42,140	(14,165)	57,364
Public Education System				
Schools	84,500	377,678	(121,302)	340,876
Culture	8,972	14,004	(14,018)	8,958
Total	93,472	391,682	(135,320)	349,834
Human Support Services				
Health and Welfare	74,796	(10,055)	(18,501)	46,240
Recreation	34,096	34,698	(47,882)	20,912
Human Relations	-	2,570	(2,570)	-
Total	108,892	27,213	(68,953)	67,152
Public Works				
Environmental	698,708	298,991	(356,919)	640,780
Total	698,708	298,991	(356,919)	640,780
Totals	$ 1,024,766	$ 882,955	$ (664,259)	$ 1,243,462

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

This section discloses financing programs that are limited obligations and other similar debt instruments that provide capital financing for third parties that are not part of the District's reporting entity. The District has no obligation for these instruments beyond the repayment resources provided by a third party or the remittance of incremental revenues collected.

A. INDUSTRIAL REVENUE BOND PROGRAM

The District has issued, under its Industrial Revenue Bond Program, private activity bonds for which the principal and interest are payable solely from defined revenues of private entities, such as non-profit organizations. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. Organizations participating in the Industrial Revenue Bond Program are allowed to borrow at the prevailing municipal bond rate. These private activity bonds provide economic incentive to construct, modernize or enhance private entity facilities in the District, thereby supporting the District's economic base. As of September 30, 2014, the aggregate outstanding principal amount for these conduit debt obligations was approximately $4.8 billion.

Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2014.

B. ENTERPRISE ZONE FACILITY BONDS

Beginning January 1, 1998, businesses located in the District of Columbia Enterprise Zone (D.C. Zone) are eligible to obtain up to $15 million of tax-exempt financing. Similar to Industrial Revenue Bonds, the principal and interest are payable solely from defined revenues of private entities, including non-profit and for-profit organizations. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. As of September 30, 2014, the aggregate outstanding principal amount for Enterprise Zone Facility Bonds was $45 million.

Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2014.

C. TAX INCREMENT FINANCING (TIF) NOTES

Tax increment financing (TIF) is an economic development tool used to facilitate the financing of business investment activities within a locality. The sole source of repayment of the TIF Notes is the incremental sales and/or real property tax revenues from the associated project or TIF area. Therefore, the District has no obligation to make any payments on the TIF Notes other than through the remittance of the incremental revenues to the paying agent. TIF Notes are not obligations of the District and are not included as long-term debt of the District.

Fort Lincoln Retail Project

In November 2011, the District issued Phase I and Phase II TIF Notes for the Fort Lincoln Retail Project in the total amount of $10,000. In April 2013, the $6,700 Phase I TIF Note began repaying, while the $3,300 Phase II TIF Note remains in escrow pending completion of Phase II of the retail project.

Downtown Retail Priority Area: Zara, National Crime and Punishment Museum, Madame Tussauds, Forever 21, and Clyde's

Since March 2006, the Mayor has executed several TIF Notes under the Downtown Retail Priority Area Program.

Table N22 presents a summary of the original loan amounts of the Downtown Retail Priority Area TIF Notes.

Table N22 – Downtown Retail Priority Area TIF Notes

Issuance Date	Description	Dollar Value/ Amount (in $000s)	Terms/Other Comments
May 2008	Zara TIF Note (a)	$1,750	Matures on June 1, 2018 or upon payment in full; Interest Rate: 5.50%
September 2008	National Crime and Punishment Museum TIF Note	$3,000	Matures on October 1, 2018; Interest Rate: 5.50%
December 2008	Madame Tussauds TIF Note	$1,300	Matures on December 1, 2018; Interest Rate: 4.50%
February 2011	Forever 21 TIF Note	$4,985	Matures on February 1, 2021; Interest Rate: 6.00%
May 2011	Clyde's TIF Note	$4,472	Matures on December 1, 2021; Interest Rate: 5.50%

(a) The Zara TIF Note was fully repaid on March 3, 2014.

Verizon Center

In December 2007, the District issued $50,000 in taxable financing notes to finance upgrades at the Verizon Center. The 2007A Note was issued in the amount of $43,570 at a fixed interest rate of 6.73% and matures on August 15, 2047. The 2007B note was issued in the amount of $6,430

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

at a fixed interest rate of 6.58% with a maturity date of August 15, 2027. These notes are a special limited obligation of the District and are secured by a portion of the taxes on certain on-site personal property, services and public ticket sales at the Verizon Center. In the event such taxes are not sufficient, the notes are further secured by incremental tax revenues from the Downtown TIF Area, which are subordinate to the pledge of such revenues to the TIF Bonds that were issued to finance the Mandarin Oriental Hotel.

Waterfront Arts Project

The Waterfront Arts Project TIF Note was issued in May 2009 for $10,000 to help finance the expansion of the Arena Stage. The TIF Note was paid in a lump sum on May 8, 2014, from available incremental revenues from the Downtown TIF Area. The interest rate on this Note was 4.66%.

Great Streets Retail Priority Areas

In September 2009, the Mayor executed the first Great Streets TIF, the Georgia Avenue Retail Project Great Streets TIF Note in the amount of approximately $1,935. The interest rate on the Note is 5.00%. The Note has a maturity date of June 1, 2035.

In May 2011, the Mayor executed the Howard Theatre Project Note in the amount of $4,000. The interest rate on the Note is 6.50%, and the note has a maturity date of May 26, 2021.

D. PAYMENT IN LIEU OF TAXES REVENUE NOTES

PILOT Revenue Notes are non-recourse to the District and do not constitute a pledge of or involve the full faith and credit or taxing power of the District. Accordingly, such notes are not obligations of the District and are not reported as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2014.

Table N23 presents a summary of the original amounts of the PILOT Revenue Notes.

Table N23 – PILOT Revenue Notes

Issuance Date	Description	Dollar Value Amount (in $000s)	Terms/Other Comments
August 2011	Rhode Island Metro Plaza Project, Series 2010	$ 7,200	Matures on September 30, 2032; Interest Rate: 5.78%
August 2010	Foundry Lofts Project Series 2010	$ 5,660	Matures on January 1, 2038; Interest Rate: 5.16% per annum

Rhode Island PILOT Note

In August 2011, the Mayor executed a revised PILOT Revenue Note for the Rhode Island Metro Plaza Project, in the amount of $7,200. The note will mature on September 30, 2032 and has an interest rate of 5.78%. The note is to be repaid from PILOT revenues from the Rhode Island PILOT Area.

Southeast Federal Center PILOT Program (Foundry Lofts Project)

In August 2010, the Mayor executed the first PILOT note under the Southeast Federal Center PILOT Program, for the Foundry Lofts Project. The note, in the amount of $5,660, bears interest at 5.16% and will mature on January 1, 2038. The note is to be repaid from PILOT revenues from the project. If such PILOT revenues are insufficient to pay the principal and interest on the note when due, the payment shortfall will not constitute a default. However, if the PILOT revenues are sufficient to pay the principal and interest on the note when due, the District must pay the amount of any previous shortfall(s) to the Development Sponsor without any penalty interest or premium thereon.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

E. GROUND LEASE AGREEMENT RELATED TO THE WASHINGTON CONVENTION CENTER HEADQUARTERS (HQ) HOTEL

Pursuant to an agreement dated October 26, 2010, the District and the Washington Convention and Sports Authority (WCSA), as landlords, leased land to Marriott HQ Hotel, LLC (tenant) for a period of 97 years in connection with the development and operation of a convention center hotel. The land is to be continuously used for the operation of a hotel, including any associated ancillary uses and amenities.

Under the agreement, Marriott HQ Hotel, LLC is to pay rent to the District and WCSA as follows:

- With respect to the District, no payment is required until the first day of the month following the month in which the third anniversary of the opening date of the hotel occurred. The hotel opened on May 1, 2014; therefore, rental payments to the District are to begin on June 1, 2017. Over the lease period, Marriott is to pay the District $810.3 million which shall be paid in advance in equal monthly installments, consistent with the basic rent schedule established for each year of the lease.

- With respect to WCSA, no payment is required until the earlier of (a) the District rent commencement date (June 1, 2014) and (b) October 1, 2014. Over the lease period, Marriott is to pay WCSA $110.8 million which shall be paid in advance in equal monthly installments, consistent with the basic rent schedule established for each year of the lease.

F. NONEXCHANGE FINANCIAL GUARANTEES

Credit Enhancement Facility Agreements

In accordance with Section 603(e)(3)(c)(iii) of the Student Loan Marketing Association Reorganization Act of 1996 (20 U.S.C. 1155(e)(3)(iii)) and D.C. Code §2-301.05a, the District, through its Office of the State Superintendent for Education (OSSE), Office of Public Charter School Financing and Support, provides enhanced credit, lease guarantees, and access to financial assistance to eligible public charter schools for the acquisition, renovation, and/or construction of school facilities. At September 30, 2014, the total outstanding guaranteed amount under credit enhancement facility agreements was $2 million. **Table N24** presents additional information regarding these guarantees.

In the event that a public charter school defaults on its monetary obligations associated with its credit enhancement facility agreement, the District (OSSE) may at its sole discretion, cure the default on the school's behalf. Provisions are included in each credit enhancement facility agreement for the school to repay the District for any amounts paid on its behalf or associated costs incurred in fulfilling the guarantee.

During fiscal year 2014, the District did not make any payments in connection with the credit enhancement facility agreements. In addition, as of September 30, 2014, no liability has been recorded in connection with these agreements because based on an assessment of relevant qualitative factors, these guarantees do not meet the "more likely than not" criterion. As such, the District has determined that it is not more likely than not that amounts will be paid under the outstanding guarantees.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Table N24 – Summary of OSSE Credit Enhancement Facility Agreements (Amounts not in thousands)

School	Type of Obligation Guaranteed	Beneficiary	Guarantee Amount	Effective Date	Termination Date	Outstanding Amount at 9/30/2014
Apple Tree Early Learning Public Charter School	Guarantee of collection of funds by school in an amount sufficient to repay $3.5 million loan obtained for the renovation of the school's facilities	Manufacturers & Traders Trust Company	$400,000	11/23/2010	44 months from execution of guarantee (06/23/2014)	$ -
Hyde Leadership Public Charter School	Debt service guarantee to secure revenue bonds	Hyde Leadership Public Charter School	$1,000,000	05/13/2010	05/15/2014	$ -
Next Step Public Charter School	Guarantee of lease payments of the school's tenant as credit enhancement to induce lender to provide loan to finance a portion of the acquisition costs for the school's facilities	Next Step Public Charter School	$500,000	12/19/2011	Earlier of (1) when the beneficiary's tenant, Career Academy Public Charter School, has achieved two consecutive years of minimum annual lease payments of $486,000 and minimum enrollment of 180 students, or (2) five years from the date of execution of the credit enhancement guarantee agreement	$ 500,000
Creative Minds International Public Charter School	Guarantee of collections of sublease payments due by Creative Minds to Capital City under agreement during second year of the sublease	Capital City Public Charter Schools	$320,000	12/06/2012	06/16/2014	$ -
Paul Public Charter School	Guarantee to support the financing of facility construction and acquisition costs related to the renovation and expansion of the school's campus	Bank of America	$500,000	04/02/2014	Five years from the date of the credit enhancement closing	$ 500,000
Mundo Verde Bilingual Public Charter School	Guarantee of collection to induce United Bank to purchase the revenue bonds issued to finance a portion of the school's costs of acquiring and renovating Cook Elementary School	United Bank	$1,000,000	01/04/2014	Earlier of (1) the payment in full of all amounts owed to the lender under the loan agreement, note, and deed of trust, or (2) on the fifth anniversary of the date of execution of the guarantee	$ 1,000,000
					TOTAL OUTSTANDING GUARANTEED AMOUNT (at 9/30/2014)	**$ 2,000,000**

Tax Increment Financing Notes and Bonds

Tax increment financing (TIF) is a tool that is used by the District to help finance the costs of economic development business investment activities within the city. TIF Notes and Bonds are special limited obligations of the District. TIF Notes and Bonds are secured by the incremental sales and/or real property tax revenues derived from the associated project. The District is not obligated to make any payments under TIF Note agreements other than through the remittance of incremental revenues to a paying agent.

For certain projects, the District secured the TIF notes/bonds by also pledging to use a portion of the incremental tax revenues from the District's Downtown TIF area. **Table 25** presents the projects, the TIF arrangements, and the estimate of future outflows at September 30, 2014, under each TIF (by project).

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Table N25 – Projects with Financial Guarantee Funded by Incremental Taxes of the Downtown TIF Area

Project	Type of Financing	Date Issued	Maturity Date	Amount	Estimate of Future Outflows (at 9/30/2014)*
Mandarin Oriental Hotel	TIF Bonds	April 2002	07/01/2022	$ 45,995	$ 4,509
Gallery Place	TIF Refunding Bonds	June 2012	06/01/2031	52,365	-
Verizon Center	TIF Notes	December 2007	08/15/2047	50,000	3,481
City Market at O Street	TIF Bonds	November 2011	06/01/2041	38,650	3,000
Rhode Island Metro Plaza	PILOT Revenue Notes	August 2011	09/30/2032	7,200	-
Howard Theatre	TIF Notes	May 2011	05/26/2021	4,000	350
			Total at 9/30/2014		**$ 11,340**

* Release of incremental taxes related to the specific project

NOTE 7. SHORT TERM LIABILITIES

TAX REVENUE ANTICIPATION NOTES

The District issued $405,000 in Tax Revenue Anticipation Notes (TRANs) on November 7, 2013. The TRANs are general obligations of the District, secured by the District's full faith and credit, and payable from available revenues, including tax revenues, of the District. The issuance of such notes is a short term financing method used to provide for seasonal cash flow needs in anticipation of the collection or receipt of revenues for an ensuing fiscal year. Operational and other costs are covered by the proceeds from the TRANs until periodic taxes, grants, and other revenues are received. These notes, which were issued as fixed-rate notes with an interest rate of 2.00%, matured on September 30, 2014 and the District paid the notes in their entirety by the statutorily required deadline of September 30, 2014.

Table N26 presents the changes in short-term liabilities during fiscal year 2014.

Table N26- Changes in Short-Term Liabilities

Account	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
Governmental Activities				
Tax Revenue Anticipation Notes	$ -	$ 405,000	$ (405,000)	$ -

NOTE 8. LONG –TERM LIABILITIES

A. LONG-TERM LIABILITIES OUTSTANDING

Long-term liabilities for the District's governmental activities and the business-type activities for the year ended September 30, 2014 are presented in **Table N27**:

Table N27 – Summary of Long-Term Liabilities Outstanding at September 30, 2014

Governmental Activities:

	Outstanding
General Obligation (GO) Bonds:	
Series 1998B, issued on April 16, 1998, in the amount of $451,635; final maturity date: June 1, 2021; interest rates ranging from 4.50% to 6.00%	$59,615
Series 2004B, issued on December 8, 2004, in the amount of $38,250; final maturity date: June 1, 2020; interest rate: MUNI-CPI Rate	29,115
Series 2005A, issued on December 1, 2005, in the amount of $331,210, to finance capital projects expenditures and pay the costs and expenses of issuing and delivering the bonds; final maturity date: June 1, 2030; interest rate of 5.00%	5,695
Series 2005B, issued on December 15, 2005, in the amount of $116,475, to redeem or defease a portion of the District's outstanding general obligation bonds (Series 1994B,1997A, 1998A, 1998B and 2001B) and to pay the costs and expenses of issuing and delivering the Series 2005B Bonds; final maturity date: June 1, 2027; interest rates ranging from 4.00% to 5.25%	80,245
Series 2007A, issued on June 1, 2007, in the amount of $576,475, to finance capital project expenditures and pay the costs and expenses of issuing and delivering the bonds; final maturity date: June 1, 2036; interest rates ranging from 3.00% to 4.75%	576,475
Series 2007B, issued on June 7, 2007, in the amount of $251,155, to redeem or defease a portion of the District's outstanding general obligation bonds (Series 2001B, 2003A, 2003B, and 2005A) and pay the costs and expenses of issuing and delivering the Series 2007B Bonds; final maturity date: June 1, 2030; interest rates ranging from 4.50% to 5.25%	251,155
Series 2007C, issued on December 19, 2007, in the amount of $333,840, to finance capital projects expenditures and pay the costs and expenses of issuing and delivering the Series 2007C Bonds; final maturity date: June 1, 2033; interest rates ranging from 4.00% to 5.00%	283,805
Series 2008A, issued on May 21, 2008, in the amount of $60,000, to redeem a portion of the outstanding general obligation bonds (Series 2002A-1, 2002A-2, 2002B-1, 2002B-2, 2004C-1, 2004C-2 and 2004C-3) and pay the costs and expenses of issuing and delivering the Series 2008 Bonds and other related bond financings; maturity date: June 1, 2034; interest rate: variable equal to an adjusted SIFMA rate (0.59% at September 30, 2014)	59,930
Series 2008D, issued on May 21, 2008, in the amount of $114,205, to redeem a portion of the outstanding general obligation bonds (Series 2002A-1, 2002A-2, 2002B-1, 2002B-2, 2004C-1, 2004C-2 and 2004C-3) and pay the costs and expenses of issuing and delivering the Series 2008 Bonds and other related bond financings; final maturity date: June 1, 2034; interest rate: variable equal to an adjusted SIFMA rate (0.59% at September 30, 2014)	95,840
Series 2008E, issued on August 27, 2008, in the amount of $327,905, to finance capital project expenditures and pay the costs and expenses of issuing and delivering the Series 2008E Bonds;	268,830

NOTE 8. LONG-TERM LIABILITIES

	Outstanding
final maturity date: June 1, 2033; interest rates ranging from 4.00% to 5.00%	
Series 2008F, issued on August 27, 2008, in the amount of $151,615, to refund $150,585 of outstanding 1998A and 1998B Bonds and pay the costs and expenses of issuing and delivering the Series 2008F Bonds; final maturity date: June 1, 2025; interest rates ranging from 3.00% to 5.00%	122,850
Series 2010A, Build America Bonds, issued on December 22, 2010, in the amount of $181,330, to finance capital projects expenditures and pay the costs and expenses of issuing and delivering the Series 2010A Bonds; final maturity date: June 1, 2023; interest ranging from 1.91% to 5.92%	137,655
Series 2013A, issued on December 18, 2013, in the amount of $495,425, to finance capital projects' expenditures under the District's capital improvements plan, and pay the costs and expenses of issuing and delivering the Series 2013A Bonds; final maturity date: June 1, 2030; interest rates ranging from 2.00% to 5.00%	495,425
Series 2014A, issued on June 26, 2014, in the amount of $99,985, to finance all or a portion of the costs of certain capital projects of the District; final maturity date: June 1, 2039; interest rate: variable equal to an adjusted LIBOR rate (0.40% at September 30, 2014)	99,985
Series 2014B, issued on June 26, 2014, in the amount of $224,315 of which $224,300 was to refund all of the District's outstanding Multimodal General Obligation Refunding Bonds, Series 2008C, and $15,000 to fund new capital projects; maturity date June 1, 2027; variable rate bonds bearing interest at varying monthly rates (0.52% at September 30, 2014)	224,315
Total General Obligation Bonds	**$2,790,935**
Qualified Zone Academy Bonds:	
Qualified Zone Academy Bonds, issued on December 21, 2001, in the amount of $4,665; final maturity date: December 1, 2015 (non-interest bearing)	$512
Qualified Zone Academy Bonds, issued on December 28, 2005, in the amount of $3,191; final maturity date: December 28, 2020 (non-interest bearing)	1,242
Qualified Zone Academy Bonds, issued on May 29, 2008, in the amount of $2,360; final maturity date: December 1, 2017 (non-interest bearing)	944
Qualified Zone Academy Bonds, issued on June 30, 2010, in the amount of $4,140; final maturity date: December 1, 2024 (non-interest bearing)	3,038
Total Qualified Zone Academy Bonds	**$5,736**
Income Tax Secured Revenue Bonds:	
Series 2009A, issued in March 2009, in the amount of $491,645, to provide funds for capital projects and pay for financing costs; final maturity date: December 1, 2034; interest rates ranging from 4.00% to 5.50%	$447,075
Series 2009B, issued in March 2009, in the amount of $309,685, to refund outstanding debt (Series 2000A, 2000B, 2003C and 2003D general obligation bonds) and pay for financing costs; final maturity date: December 1, 2029; interest rates ranging from 4.00% to 5.25%	256,000

NOTE 8. LONG – TERM LIABILITIES

	Outstanding
Series 2009C, issued in September 2009, in the amount of $270,455, to refund the District's Series 1999A and Series 1999B general obligation bonds and pay for financing costs; final maturity date: December 1, 2028; interest rates ranging from 3.00% to 5.00%	114,395
Series 2009D, issued in December 2009, in the amount of $129,620, to provide funds for capital projects, pay for financing costs, and fund capitalized interest on the Series 2009D Bonds; final maturity date: December 1, 2017; interest rates ranging from 2.50% to 5.00%	78,965
Series 2009E Build America Bonds, issued in December 2009, in the amount of $501,290 to provide funds for capital projects, pay for financing costs, and fund capitalized interest on the 2009E bonds; maturity date: December 1, 2034; interest rates ranging from 4.34% to 5.591%	501,290
Series 2010A, issued in March 2010, in the amount of $694,300, to refund the following outstanding general obligation bonds: Series 1998B, Series 1999A, Series 2001B, Series 2001C, Series 2001D, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2005A, Series 2007C, Series 2008E and Series 2008F and pay for the financing costs of the Series 2010A Bonds; final maturity date: December 1, 2031; interest rates ranging from 3.00% to 5.00%	694,300
Series 2010B, issued in March 2010, in the amount of $14,040, to terminate an interest rate swap agreement related to the Series 2002D General Obligation Bonds which were refunded by the issuance of the Series 2010A Bonds and pay the costs of issuance associated with the 2010 Bonds; final maturity date: December 1, 2017; interest rate of 4.05%	14,040
Series 2010D Qualified School Construction Bonds, issued in June 2010, in the amount of $32,945, to pay for the costs of Qualified School Construction projects and financing cost; final maturity date: December 1, 2026; interest rate of 5.00%	32,945
Series 2010F Build America Bonds, issued in December 2010, in the amount of $342,615, to pay for costs of capital projects and the costs and expenses of issuing and delivering the Series 2010F Bonds; final maturity date: December 1, 2035; interest rates ranging from 4.709% to 5.582%	342,615
Series 2011A, issued in September 2011, in the amount of $138,470, to pay for costs of capital projects and the costs and expenses of issuing and delivering the Series 2011A Bonds; final maturity date: December 1, 2036; interest rates ranging from 1.00% to 5.00%	133,105
Series 2011B-E, $241,735, issued in November 2011 to: (a) refund: $63,335 of the remaining outstanding principal amount of Series 2010C, Income Tax Secured Revenue Refunding Bonds; $31,930 of Series 2010E Income Tax Secured Revenue Refunding Bonds; (b) refund GO Bonds Series 2003A and 2003B; and (c) pay the costs and expenses of issuing and delivering the Series 2011B-C-D-E Bonds; final maturity dates: Series 2011B (December 1, 2015), Series 2011C (December 1, 2012), Series 2011D (December 1, 2013) and Series 2011E (December 1, 2017); interest rates: variable equal to an adjusted SIFMA rate (0.69% at September 30, 2014)	160,910
Series 2011F-G Bonds, $400,720, issued in December 2011 to pay for costs of capital projects and costs and expenses of issuing and delivering the Series F-G Bonds; final maturity date: December 1, 2036; interest rate ranging from 2.00% to 5.00%	381,420
Series 2012A-B Bonds, $314,110, issued in May 2012 to refund a portion of the District's GO Bonds, Series 2002C, 2004A and 2005A and pay the costs and expenses of issuing and delivering the Series 2012A-B Bonds; final maturity date: December 1, 2027; interest rate ranging from 2.00% to 5.00%	297,055

NOTE 8. LONG-TERM LIABILITIES

	Outstanding
Series 2012C-D Bonds, $775,770, issued on November 28, 2012, to pay costs associated with capital projects, bond issuance costs, and refund the outstanding PILOT Revenue Bond Anticipation Notes (Arthur Capper/Carrollsburg Public Improvement Issue); interest rates ranging from 2.00% to 5.00%; final maturity date: December 1, 2037	758,895
Series 2013A, issued on November 26, 2013, in the amount of $97,145 to currently refund $29,450 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2010E; $40,455 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011B; and $26,640 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011D, and pay the costs and expenses of issuing and delivering the Series 2013A Bonds; maturity date: December 1, 2014; interest rate: variable equal to an adjusted SIFMA rate (0.08% at September 30, 2014)	97,145
Series 2014A, issued on September 10, 2014, in the amount of $155,665 to currently refund the District's outstanding Certificates of Participation, Series 2003 and to advance refund the District's outstanding Certificates of Participation, Series 2006 and pay the costs and expenses of issuing and delivering the Series 2014A Bonds; final maturity date: December 1, 2025; interest rates ranging from 1.00% to 5.00%	155,665
Total Income Tax Secured Revenue Bonds	**$4,465,820**
Tobacco Settlement Asset-Backed Bonds:	
Series 2001, issued on February 1, 2001, in the amount of $521,105; final maturity on May 15, 2040; interest rate ranging from 5.2% to 6.75%	$383,030
Series 2006, issued on August 30, 2006, in the amount of $248,264; final maturity on June 15, 2055; interest rate ranging from 6.25% to 7.25%	248,264
Total Tobacco Settlement Asset-Backed Bonds	**$631,294**
Tax Increment Financing (TIF) Bonds:	
Tax Increment Revenue Refunding Bonds (Gallery Place Project, Series 2012), issued on June 21, 2012, in the amount of $52,365 to: (a) refund the Gallery Place Project Tax Increment Revenue Bonds, Series 2002 and (b) pay the costs and expenses of issuing and delivering the Series 2012 Bonds; final maturity: June 1, 2031; interest rates ranging from 3.00% to 5.00%	$48,630
Mandarin Oriental Hotel TIF Bonds, issued on April 1, 2002, in the amount of $45,995; final maturity: July 1, 2022; interest rate yields ranging from 4.26% to 5.48%	17,529
City Market at O Street TIF Bonds, issued on November 17, 2011, in the amount of $38,650; final maturity: June 1, 2041; interest rate ranging from 3.00% to 5.125%	38,650
Total Tax Increment Financing (TIF) Bonds	**$104,809**
Ballpark Revenue Bonds:	
Series 2006A, issued on May 15, 2006, $154,835 (Taxable) to finance a portion of the cost of construction of the District's baseball stadium; final maturity date: February 1, 2036; interest rate ranging from 5.958% to 6.165%	$153,350
Series 2006B, issued on May 15, 2006, $379,665 (Tax-Exempt) to finance a portion of the cost	$321,070

NOTE 8. LONG – TERM LIABILITIES

	Outstanding
of construction of the District's baseball stadium; final maturity date: February 1, 2036; interest rate ranging from 4.00% to 5.50% on Series 2006B-1 and variable for Series 2006B-2; Series 2006B-2 was paid off early in July 2014.	
Total Ballpark Revenue Bonds	**$474,420**
Federal Highway Grant Anticipation Revenue Bonds (GARVEE):	
Series 2011, issued on February 16, 2011, in the amount of $82,610, to: (a) finance a portion of the 11th Street Bridge Project, (b) pay certain costs of issuing the Series 2011 Bonds, and (c) fund the Senior Lien Bonds Debt Service Reserve Subaccount; final maturity date: December 1, 2027; interest rates ranging from 2.00% to 5.25%	$70,305
Series 2012, issued on October 10, 2012, in the amount of $42,935, to: (a) finance Phase II of the 11th Street Bridge Project, and (b) pay costs of issuing the Series 2012 Bonds; interest rates ranging from 2.00% to 5.00%; maturity date: December 1, 2027	40,805
Total Federal Highway Grant Anticipation Revenue Bonds (GARVEE)	**$111,110**
Deed Tax Revenue Bonds (Housing Production Trust Fund Program):	
Series 2007A, issued on May 31, 2007, in the amount of $34,105, to finance, refinance and reimburse a portion of the costs of redeveloping, constructing, acquiring, furnishing and equipping the Northwest One New Communities Project and pay the costs of issuance of the Series 2007A Bonds; final maturity date: June 1, 2037; interest rates ranging from 4.00% to 5.00%	$29,845
Series 2010A-C, issued on August 24, 2010, in the amount of $53,190 to: (a) finance, refinance and reimburse a portion of the costs of the New Communities Initiative, (b) satisfy the debt service reserve requirement, and (c) pay costs of issuance of the Series 2010 Bonds; final maturity date: June 1, 2040; interest rates ranging from 3.50% to 5.00%	49,725
Series 2012A-B, issued on December 6, 2012, in the amount of $39,585 to: (a) fund portions of the New Communities Projects, (b) fund a deposit to the Debt Service Reserve Fund, and (c) pay cost of issuing the Series 2012 Bonds; final maturity date: June 1, 2042; interest rates ranging from 3.00% to 5.00%	38,485
Total Deed Tax Revenue Bonds (Housing Production Trust Fund Program)	**$118,055**
PILOT Revenue Bonds and Notes:	
Anacostia Waterfront Corporation (AWC) PILOT Revenue Bonds, issued in September 2007, in the amount of $111,550, to finance, refinance and reimburse the AWC for development costs associated with park and infrastructure projects along the Anacostia River waterfront; final maturity date: December 1, 2021; interest rate: 4.463%	$70,030
Total PILOT Revenue Bonds and Notes	**$70,030**
Other Loans Payable:	
Executed on May 14, 2010, a 20-year financing agreement with S/C 225 Virginia Avenue, LLC, to finance costs for the construction of improvements to the building located at 200 I Street. Agreement requires annual payments of $9,274 be paid by the District	$95,559

NOTE 8. LONG-TERM LIABILITIES

	Outstanding
Total Other Loans Payable	**$95,559**
Total Bonds, Notes, and Other Loans	**$8,867,768**
Other Long-Term Liabilities:	
Premium on long-term debt	479,391
Equipment financing program	102,491
Accreted interest	180,484
Capital leases	8,162
Annual leave	154,348
Disability compensation	129,001
Grant disallowances	132,203
Claims and judgments	159,192
OPEB liability	10,006
Total Other Long-Term Liabilities	**$1,355,278**
Total Long-Term Liabilities – Governmental Activities	**$10,223,046**

Business-type Activities:

	Outstanding
Obligation for unpaid prizes, D.C. Lottery and Charitable Games Control Board	$6,282
Compensated Absences	398
Total Long-Term Liabilities – Business-Type Activities	**$6,680**

B. ANNUAL DEBT SERVICE REQUIREMENTS

Tables N28 through N40 present annual debt service requirements to maturity for the District's outstanding long-term liabilities at September 30, 2014:

Table N28 – Debt Service Requirements to Maturity – General Obligation Bonds

Year Ending September 30	General Obligation Bonds Principal	Interest	Total
2015	$ 113,110	$ 120,269	$ 233,379
2016	143,260	122,290	265,550
2017	129,485	115,620	245,105
2018	120,640	109,414	230,054
2019	112,075	103,442	215,517
2020 - 2024	668,815	421,245	1,090,060
2025 - 2029	554,870	280,942	835,812
2030 - 2034	549,685	156,871	706,556
2035 - 2039	398,995	41,241	440,236
Total	**$ 2,790,935**	**$ 1,471,334**	**$ 4,262,269**

NOTE 8. LONG – TERM LIABILITIES

Table N29 – Debt Service Requirements to Maturity – Qualified Zone Academy Bonds

Year Ending September 30	QZAB Principal
2015	$ 946
2016	946
2017	690
2018	690
2019	454
2020-2024	1,734
2025-2029	276
Total	**$ 5,736**

Table N30 – Debt Service Requirements to Maturity– Income Tax Secured Revenue Bonds

Year Ending	Income Tax Secured Revenue Bonds		
September 30	Principal	Interest	Total
2015	$ 138,580	$ 208,272	$ 346,852
2016	88,130	209,510	297,640
2017	119,250	204,954	324,204
2018	158,990	198,780	357,770
2019	185,930	190,985	376,915
2020 - 2024	1,018,700	827,350	1,846,050
2025 - 2029	1,328,910	526,682	1,855,592
2030 - 2034	995,375	227,760	1,223,135
2035 - 2038	431,955	31,032	462,987
Total	$ 4,465,820	$ 2,625,325	$ 7,091,145

Table N31 –Debt Service Requirements to Maturity – Tobacco Settlement Asset-Backed Bonds

Year Ending	Tobacco Bonds		
September 30	Principal	Interest	Total
2015	$ 21,875	$ 25,300	$ 47,175
2016	20,765	23,933	44,698
2017	22,740	22,594	45,334
2018	23,600	21,116	44,716
2019	25,755	19,582	45,337
2020 - 2024	155,685	70,009	225,694
2025 - 2029	112,610	12,898	125,508
2045 - 2049	159,733	1,697,592	1,857,325
2055 - 2059	88,531	2,478,469	2,567,000
Total	**$ 631,294**	**$ 4,371,493**	**$ 5,002,787**

Table N32 – Debt Service Requirements to Maturity – Gallery Place TIF Bonds

Year Ending	Gallery Place		
September 30	Principal	Interest	Total
2015	$ 1,900	$ 2,413	$ 4,313
2016	1,975	2,337	4,312
2017	2,075	2,238	4,313
2018	2,180	2,134	4,314
2019	2,290	2,025	4,315
2020-2024	13,265	8,291	21,556
2025-2029	16,930	4,626	21,556
2030-2031	8,015	606	8,621
Total	**$ 48,630**	**$ 24,670**	**$ 73,300**

Table N33 – Debt Service Requirements to Maturity – Mandarin Oriental Hotel TIF Bonds

Year Ending	Mandarin Oriental Hotel		
September 30	Principal	Interest	Total
2015	$ 2,014	$ 2,495	$ 4,509
2016	1,878	2,626	4,504
2017	1,761	2,744	4,505
2018	1,650	2,859	4,509
2019	1,544	2,960	4,504
2020-2022	8,682	4,836	13,518
Total	**$ 17,529**	**$ 18,520**	**$ 36,049**

Table N34 – Debt Service Requirements to Maturity – City Market at O Street TIF Bonds

Year Ending	City Market at O Street		
September 30	Principal	Interest	Total
2015	$ -	$ 1,877	$ 1,877
2016	220	1,877	2,097
2017	300	1,871	2,171
2018	350	1,862	2,212
2019	450	1,851	2,301
2020-2024	3,900	8,938	12,838
2025-2029	7,190	7,694	14,884
2030-2034	9,095	5,789	14,884
2035-2039	11,620	3,259	14,879
2040-2041	5,525	428	5,953
Total	**$ 38,650**	**$ 35,446**	**$ 74,096**

NOTE 8. LONG-TERM LIABILITIES

Table N35 - Debt Service Requirements to Maturity – Ballpark Revenue Bonds

Year Ending September 30	Ballpark Bonds Principal	Interest	Total
2015	$ 7,060	$ 25,221	$ 32,281
2016	7,925	24,816	32,741
2017	8,850	24,370	33,220
2018	9,835	23,880	33,715
2019	10,875	23,336	34,211
2020-2024	72,570	106,321	178,891
2025-2029	110,960	82,036	192,996
2030-2034	162,805	45,479	208,284
2035-2036	83,540	4,461	88,001
Total	**$ 474,420**	**$ 359,920**	**$ 834,340**

Table N36 – Debt Service Requirements to Maturity - Federal Highway Grant Anticipation Revenue Bonds (GARVEE)

Year Ending September 30	Federal Highway Grant Anticipation Revenue Bonds Principal	Interest	Total
2015	$ 6,715	$ 5,053	$ 11,768
2016	6,975	4,795	11,770
2017	7,250	4,523	11,773
2018	7,550	4,222	11,772
2019	7,905	3,871	11,776
2020-2024	45,475	13,361	58,836
2025-2029	29,240	2,277	31,517
Total	**$ 111,110**	**$ 38,102**	**$ 149,212**

Table N37 – Debt Service Requirements to Maturity – Deed Tax Revenue Bonds (Housing Production Trust Fund Program)

Year Ending September 30	Housing Production Trust Principal	Interest	Total
2015	$ 2,490	$ 5,339	$ 7,829
2016	2,600	5,222	7,822
2017	2,725	5,100	7,825
2018	2,850	4,972	7,822
2019	2,990	4,839	7,829
2020-2024	17,250	21,878	39,128
2025-2029	21,720	17,398	39,118
2030-2034	26,915	12,197	39,112
2035-2039	29,005	5,823	34,828
2040-2042	9,510	669	10,179
Total	**$ 118,055**	**$ 83,437**	**$ 201,492**

Table N38 – Debt Service Requirements to Maturity – Anacostia Waterfront Corporation PILOT Revenue Bonds

Year Ending September 30	Anacostia Waterfront Corporation Principal	Interest	Total
2015	$ 7,510	$ 3,044	$ 10,554
2016	7,845	2,705	10,550
2017	8,200	2,351	10,551
2018	8,570	1,981	10,551
2019	8,960	1,594	10,554
2020-2022	28,945	2,178	31,123
Total	**$ 70,030**	**$ 13,853**	**$ 83,883**

NOTE 8. LONG – TERM LIABILITIES

Table N39 - Debt Service Requirements to Maturity – Other Loans Payable

Year Ending September 30	225 Virginia Avenue, LLC Principal	Interest	Total
2015	$ 2,913	$ 6,361	$ 9,274
2016	3,116	6,158	9,274
2017	3,333	5,941	9,274
2018	3,565	5,709	9,274
2019	3,813	5,461	9,274
2020-2024	23,435	22,933	46,368
2025-2029	32,811	13,557	46,368
2030-2033	22,573	2,156	24,729
Total	**$ 95,559**	**$ 68,276**	**$ 163,835**

Table N40 – Debt Service Requirements to Maturity – Equipment Financing Program

Year Ending September 30	Equipment Financing Principal	Interest	Total
2015	$ 38,360	$ 1,882	$ 40,242
2016	29,799	1,071	30,870
2017	19,098	537	19,635
2018	11,234	209	11,443
2019	4,000	35	4,035
Total	**$ 102,491**	**$ 3,734**	**$ 106,225**

Table N41 presents aggregate debt service requirements and net receipts/payments on the associated hedging derivative instruments as of September 30, 2014. These amounts assume that current interest rates on variable rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term.

As these rates vary, interest payments on variable rate bonds and net receipts/payments on the hedging derivative instruments will vary. Information on the District's derivative instruments is presented in Note 2, found on page 77.

Table N41 – Aggregate Debt Service Requirements and Net Receipts/Payments on Hedging Derivative Instruments

Year Ending September 30	Principal	Interest	Hedging Derivatives, Net	Total
2015	$ 17,100	$ 2,622	$ 10,861	$ 30,583
2016	17,910	2,272	10,444	30,626
2017	8,200	1,891	9,987	20,078
2018	8,570	1,828	9,681	20,079
2019	8,960	1,761	9,406	20,127
2020-2024	170,355	5,270	32,405	208,030
2025-2027	92,350	960	6,551	99,861
Total	**$ 323,445**	**$ 16,604**	**$ 89,335**	**$ 429,384**

NOTE 8. LONG-TERM LIABILITIES

C. LONG TERM DEBT ACTIVITY DURING FISCAL YEAR 2014

Table N42 presents long-term debt activity for the year ended September 30, 2014:

Table N42 – Long Term Debt Activity

	September 30, 2013	Additions	Reductions	September 30, 2014	Due Within One Year
Governmental activities:					
General obligation bonds (including QZAB)	$ 2,251,867	$ 819,725	$ (274,921)	$ 2,796,671	$ 114,056
Income tax secured revenue bonds	4,457,675	252,810	(244,665)	4,465,820	138,580
Tobacco settlement asset-backed bonds	647,459	-	(16,165)	631,294	21,875
Tax increment financing bonds	108,782	-	(3,973)	104,809	3,914
Ballpark revenue bonds	502,255	-	(27,835)	474,420	7,060
Federal highway grant anticipation revenue bonds (GARVEE)	117,570	-	(6,460)	111,110	6,715
Deed tax revenue bonds (housing production trust fund program)	120,450	-	(2,395)	118,055	2,490
National capital revitalization corporation revenue bonds	4,997	-	(4,997)	-	-
PILOT revenue bonds - AWC	77,210	-	(7,180)	70,030	7,510
Certificates of participation	206,965	-	(206,965)	-	-
Parks and recreation notes	3,125	-	(3,125)	-	-
Other loans payable	98,283	-	(2,724)	95,559	2,913
Premium on long-term debt	446,370	85,679	(52,658)	479,391	43,245
Equipment financing program	113,817	31,716	(43,042)	102,491	38,360
Accreted interest	161,526	18,958	-	180,484	-
Capital leases	11,024	-	(2,862)	8,162	3,057
Annual leave	152,103	4,763	(2,518)	154,348	152,619
Disability compensation	129,251	19,411	(19,661)	129,001	-
Grant disallowances	77,853	62,203	(7,853)	132,203	-
Claims and judgments	207,481	42,055	(90,344)	159,192	-
Verizon	4,494	-	(4,494)	-	-
OPEB liability	9,906	100	-	10,006	-
Total long-term liabilities	$ 9,910,463	$ 1,337,420	$ (1,024,837)	$ 10,223,046	$ 542,394
Business-type activities:					
Obligation for unpaid prizes	$ 10,200	$ 240	$ (4,158)	$ 6,282	$ 2,962
Compensated absences	415	-	(17)	398	-
Long-term liabilities	$ 10,615	$ 240	$ (4,175)	$ 6,680	$ 2,962

New Bond Issuances

General Obligation Bonds

On December 18, 2013, the District issued $495,425 in General Obligation Bonds, Series 2013A with interest rates ranging from 2.00% to 5.00%. The Series 2013A Bonds are general obligations of the District and the full faith and credit of the District is pledged to the payment of the principal of and interest on the 2013A Bonds when due. These bonds are further secured by a security interest in, and lien on, the funds derived from a Special Real Property Tax levied annually by the District, without limitation as to rate or amount, in amounts sufficient to pay the principal of and interest on the Series 2013A Bonds and any other outstanding general obligation parity bonds when due.

The proceeds of the 2013A Bonds will be used to: (a) finance capital project expenditures under the District's capital improvements plan, and (b) pay the costs and expenses of issuing and delivering the 2013A Bonds.

Income Tax Secured Revenue Bonds

On November 26, 2013, the District issued $97,145 in Income Tax Secured Revenue Refunding Bonds, Series 2013A. These bonds were issued as Senior Bonds pursuant to: (a) the Income Tax Secured Bond Authorization Act of 2008, effective October 22, 2008 (D.C. Law 17-254; D.C. Code § 47-340.26-36) as amended, and a Master Indenture.

NOTE 8. LONG – TERM LIABILITIES

The proceeds of the Series 2013A Bonds will be used to: (a) currently refund $29,450 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2010E (Adjusted SIFMA Rate); $40,455 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011B (Adjusted SIFMA Rate); and $26,640 of the District's Income Tax Revenue Refunding Bonds, Series 2011D (Adjusted SIFMA Rate) each maturing on December 1, 2014, and (b) pay the costs and expenses of issuing and delivering the Series 2013A Bonds.

The 2013A Bonds bear interest at a variable rate equal to the Adjusted SIFMA Rate, which equals the SIFMA Rate plus the per annum spread. Generally, the Adjusted SIFMA Rate will be determined on Wednesday of each week to be effective on each Thursday. Interest on the 2013A Bonds will be payable on the first business day of each month, commencing on January 2, 2014, until their final payment or maturity, and is to be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

The 2013A Bonds, the outstanding bonds, and any additional bonds issued under the Indenture are payable from and secured by a security interest in and a statutory lien on the Trust Estate, which consists primarily of available business franchise tax revenues and available income tax revenues generated and to be generated in any fiscal year.

Interest Rates on General Obligation Bonds and Income Tax Secured Revenue Bonds

The weighted average interest rate on the District's outstanding fixed-rate bonds was 4.98% in fiscal year 2014. The weighted average interest rate on the District's variable rate bonds for fiscal year 2014 was 0.52%.

Pledged Tax Revenues for Debt Service on Income Tax Secured Revenue Bonds

During fiscal year 2014 the District collected $2,094,754 in Income and Business Franchise Taxes. Of this amount, $357,625, or 17.1%, was held in the Fund for the payment of debt service on outstanding Income Tax Secured Revenue Bonds in fiscal year 2015. The anticipated debt service amount for fiscal year 2015 is $346,852. Therefore, total available tax revenues collected and set aside in the Fund in fiscal year 2014 covers the total amount of anticipated debt service for fiscal year 2015 as presented in **Table N43**:

Table N43 – Debt Service Coverage Ratio (Income Tax Secured Revenue Bonds)

Available Tax Revenues Collected in FY 2014			
Individual Income		$	1,679,173
Business Franchise			415,581
Total		**$**	**2,094,754**
Amount Held in Escrow for FY 2015 Debt Service	(a)	$	357,625
FY 2015 Debt Service Amount	(b)	$	346,852
Rate of Coverage (c)=(a)/(b)			**103%**

In fiscal year 2014, debt service on the Income Tax Secured Revenue Bonds totaled $353,844. The debt service coverage ratio was 5.92 to 1: Total available taxes of $2,094,754, divided by FY 2014 debt service of $353,844.

Refundings and Bond Defeasances

On November 26, 2013, the District issued $97,145 in Income Tax Secured Revenue Refunding Bonds, Series 2013A. The proceeds of the 2013A Bonds were used to currently refund the District's outstanding principal of $29,450 Income Tax Secured Revenue Refunding Bonds, Series 2010E, outstanding principal of $40,455 Income Tax Secured Revenue Refunding Bonds, Series 2011B, outstanding principal of $26,640 Income Tax Secured Revenue Refunding Bonds, Series 2011D and pay the costs and expenses of delivering the Series 2013A Bonds. The purpose of this refunding was to roll the maturity forward and effectively maintain the amortization schedule for the variable rate issues. This refinancing produced no economic gain or loss.

On September 10, 2014, the District issued $155,665 in Income Tax Secured Revenue Refunding Bonds, Series 2014A. The proceeds of the Series 2014A Bonds along with the $28,134 premium and the release of the $22,798 lease payment reserves were used to currently refund the District's outstanding principal of $41,935 Certificates of Participation, Series 2003 and advance refund the District's outstanding principal of $152,470 Certificates of Participation, Series 2006, and pay the costs and expenses of delivering the Series 2014A Bonds. The refunding provided the District with $22,701 of present value savings or 11.68% of par refunded.

NOTE 8. LONG TERM LIABILITIES

In prior years, the District defeased certain bonds by issuing refunding bonds. Defeased debt outstanding does not constitute a debt of the District because the net proceeds from the issuance of the refunding bonds have been deposited in an irrevocable trust with an escrow agent to provide debt service payments until the defeased bonds are fully called.

As of September 30, 2014, the total amount of defeased debt outstanding held by the escrow agent was $543,925. This amount has been removed from the government-wide financial statements.

General Obligation Direct Purchase Bond Program

On October 25, 2012, the District converted its outstanding Series 2008 General Obligation Variable Rate Demand Obligations (VRDO), substituting the direct-pay letters of credit with direct purchase obligations. The Series 2008A and Series 2008D Bonds were issued in SIFMA Index mode and the Series 2008C Bonds in LIBOR Index mode as authorized under the Sixth and Seventh Supplemental Trust Indentures, respectively. The Sixth and Seventh Supplemental Indentures are by and between the District of Columbia and Wells Fargo Bank, N.A., as trustee, dated October 1, 2012. Each series had an initial put date by the purchaser of October 26, 2015, as well as additional term out provisions.

The Series 2008A and Series 2008D Bonds were initially purchased by Citibank, N.A. and were held at Citibank. N.A. as of September 30, 2014. The Series 2008C Bonds were initially purchased by Wells Fargo Bank, N.A.

On June 26, 2014 the District issued Multimodal General Obligation Bonds, Series 2014A and Multimodal General Obligation Refunding Bonds Series 2014B to finance capital projects and currently refund the District's outstanding principal of $224,300 General Obligation Series 2008C Bonds. The Series 2014A Bonds were issued in SIFMA Index Mode and the Series 2014B Bonds were issued in LIBOR Index mode as authorized under the Eighth Supplemental Indenture by and between the District of Columbia and Wells Fargo Bank, N.A., as trustee, dated June 1, 2014. Each series had an initial put date by the purchaser of June 23, 2017, as well as additional term out provisions.

The Series 2014A and Series 2014B Bonds were initially purchased by Banc of America Preferred Funding Corporation and were held at Banc of America Preferred Funding Corporation as of September 30, 2014.

Table N44 provides an overview for each of the direct purchase obligation refunding(s).

Table N44 – General Obligation Direct Purchase Bonds

Series	Par Outstanding	Final Maturity	Reset Mode/ Payment Frequency	Direct Purchase Bank	Direct Purchase Agreement Date	Direct Purchase Expiration Date
2008A	$ 59,930	6/1/2034	7-Day Reset / Monthly Pay	Citibank, N.A.	10/25/2012	10/26/2015
2008D	$ 95,840	6/1/2034	7-Day Reset / Monthly Pay	Citibank, N.A.	10/25/2012	10/26/2015
2014A	$ 99,985	6/1/2039	7-Day Reset / Monthly Pay	Banc of America Preferred Funding Corporation	10/25/2012	10/26/2015
2014B	$ 224,315	6/1/2027	Monthly Reset/Monthly Pay	Banc of America Preferred Funding Corporation	10/25/2012	10/26/2015
Total	**$ 480,070**					

D. OTHER LONG-TERM LIABILITIES

Equipment Financing Program

The District began its Master Equipment Lease Purchase Program in 1998 as a means of providing tax-exempt financing for assets with short-term to intermediate-term useful lives. District agencies use this program to procure such items as fire apparatus (trucks) and other emergency medical services equipment (ambulances); trucks and cranes used by the Department of Public Works; vehicles used by the Metropolitan Police Department; and other heavy equipment items.

As of September 30, 2014, the District had financed approximately $500 million of its capital equipment needs through the Master Equipment Lease Purchase Program, and had approximately $102.5 million in principal outstanding. Payments are made on a quarterly basis. During the year, the average interest rate used to finance equipment through this program was 1.9685%.

NOTE 8. LONG TERM LIABILITIES

Obligation for Unpaid Prizes

The D.C. Lottery and Charitable Games Control Board (the Lottery) is a member of the Multi-State Lottery Association (MUSL), which is responsible for payments to Lotto-America and Powerball winners. MUSL is responsible for providing cash to the Lottery for funding these installment payments. As of September 30, 2014, MUSL purchased for the Lottery, U.S. government securities totaling $6,522 to fund future installment payments to winners.

The market value of these securities at September 30, 2014, was $6,282. The Lottery has reflected the market value of the securities as restricted investments and as corresponding obligations for unpaid prizes on the statement of net position.

E. COMPONENT UNITS

Washington Convention and Sports Authority (WCSA)

On September 28, 1998, WCSA issued $524,500 in Senior Lien Dedicated Tax Revenue Refunding Bonds (Series 1998A bonds) to finance the construction of the new Washington Convention Center.

On February 1, 2007, WCSA issued $492,500 of refunding bonds, Series 2007A Bonds, to refund the Series 1998A Bonds. The refunding bonds have maturities ranging from October 1, 2008 to October 1, 2036 and interest rates ranging from 3.75% to 5%. The net proceeds of these refunding bonds were used to advance refund all of the Series 1998A Bonds in the aggregate principal amount of $480,600. As a result, the refunded bonds were considered defeased and the liabilities for those were extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was $10,000.

Between June 2006 and July 2009, the Council passed a series of legislative Acts, which authorized the financing, construction and development of a privately owned and operated headquarters hotel for the Convention Center.

In October 2010, WCSA issued Senior Lien Dedicated Tax Revenue Bonds (Series 2010 Bonds) with face value of $249,200, with maturities ranging from October 2015 to October 2040, at interest rates ranging from 3.1% to 7.0%. The proceeds are to be used to fund as needed a portion of the costs of acquiring, developing, constructing, and equipping the Convention Center Hotel project. A portion of the proceeds was also used to defease to the earliest optional redemption date that portion of WCSA's outstanding Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A maturing on December 1, 2036 in the aggregate principal amount of $25,400. In addition, net proceeds from the issuance of the Series 2010 Bonds was used to purchase U.S. government securities which were deposited in an irrevocable trust to provide debt service payments until the Series 2007A bonds are called or mature. Consequently, the aggregate principal amount of $25,400 from Series 2007A Bonds is considered to be defeased and therefore has been removed as a liability from WCSA's financial statements.

Table N45 presents the debt service requirements to maturity for principal and interest for WCSA's outstanding bonds.

Table N45 – Washington Convention and Sports Authority Debt Service Requirements to Maturity

	Washington Convention and Sports Authority		
Year Ending September 30	**Principal**	**Interest**	**Total**
2015	$ 19,280	$ 32,652	$ 51,932
2016	18,970	31,769	50,739
2017	19,835	30,838	50,673
2018	20,730	29,848	50,578
2019	22,505	28,784	51,289
2020 - 2024	129,605	125,352	254,957
2025 - 2029	178,625	87,297	265,922
2030 - 2034	126,250	45,841	172,091
2035 - 2039	87,670	21,687	109,357
2040 - 2041	14,645	888	15,533
Total	**$ 638,115**	**$ 434,956**	**$ 1,073,071**

Housing Finance Agency

The Housing Finance Agency (HFA) issues bonds primarily to finance the Agency's housing programs. Such bonds are collateralized by: (a) mortgage-backed securities in connection with underlying loans; (b) mortgage loans made on the related multi-family developments or single family residential mortgage loans purchased; or (c) investments of bond proceeds, debt service reserves and escrow accounts, and all revenues, mortgage payments, and recovery payments received by the Agency from investments, mortgage loans, and mortgage-backed securities in connection with the related developments.

NOTE 8. LONG TERM LIABILITIES

Bonds issued by HFA are special obligations of the agency and are payable from the revenue and special funds of the applicable indentures. The bonds do not constitute debt of and are not guaranteed by the District or any program of the District. All mortgage revenue bonds for multifamily projects financed to date have been issued by the Agency as standalone pass-through financings with no direct economic recourse to the Agency as issuer.

The provisions of the various bond indentures require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and mortgage-backed securities. All outstanding bonds are subject to redemption at the option of HFA or the borrower, in whole or in part at any time, after certain dates, as specified in the respective bond indentures and bond resolutions, at prescribed redemption prices. The redemption premiums range up to 5.00%. Under the Multi-Family (Conduit Bond) Program, this option generally cannot be exercised until the bonds have been outstanding for ten years as provided in the various indentures. Term bonds are generally subject to redemption, without premium, from mandatory sinking fund payments.

Bond Issuances in Fiscal Year 2014

During fiscal years 2010 through 2014, HFA issued certain multifamily revenue bonds in a draw-down mode. Consequently, out of the total amount of bonds closed, only a portion may get drawn during any given reporting period.

For more information on HFA's long term debt activity during fiscal year 2014, refer to the Agency's separately issued financial statements for that year.

Table N46 presents the debt service requirements to maturity for principal and interest for the Housing Finance Agency's outstanding bonds.

Table N46 – Housing Finance Agency Debt Service Requirements to Maturity

Year Ending September 30	Principal	Interest	Total
2015	$ 24,148	$ 38,078	$ 62,226
2016	33,628	31,215	64,843
2017	34,791	30,409	65,200
2018	14,862	29,647	44,509
2019	15,366	28,965	44,331
2020-2024	90,008	133,302	223,310
2025-2029	96,644	110,725	207,369
2030-2034	151,017	83,502	234,519
2035-2039	117,208	56,580	173,788
2040-2044	120,713	32,355	153,068
2045-2049	98,342	10,597	108,939
2050-2054	15,809	1,201	17,010
2055-2059	901	44	945
Subtotal	**813,437**	**586,620**	**1,400,057**
Add:			
Unamortized Bond Premium - Net	2,582	-	2,582
Total	**$ 816,019**	**$ 586,620**	**$1,402,639**

NOTE 9. RETIREMENT PROGRAMS

A. DEFINED BENEFIT PENSION PLANS

District full-time employees receive pension benefits through the federally administered Civil Service Retirement System (CSRS), the Social Security System, or the District's retirement programs.

Civil Service Retirement System

Plan Description

The District contributes to the CSRS, a cost-sharing multiple-employer public employee retirement system, administered by the federal government's Office of Personnel Management (OPM). Permanent full-time District employees hired before October 1, 1987, except those covered by the District retirement programs, are covered by CSRS, which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. In fiscal year 2014, there were 2,252 District employees who were covered by CSRS. The OPM issues a publicly available financial report that includes financial statements and required supplementary information for CSRS, which may be obtained at www.opm.gov.

NOTE 9. RETIREMENT PROGRAMS

Funding Policy

The District contributes 7% of each covered employee's annual salary to the CSRS. The contribution requirements of plan members are established (and may be amended) by the OPM. The District contributed 100% of the required amount to the CSRS for each of the past three fiscal years. The District's CSRS contributions for the years ended September 30, 2014, 2013, and 2012, were $11,030, $11,472, and $12,319, respectively.

Social Security System

Plan Description

The District also contributes to the federal government's Social Security System, a program that provides benefits for retirement, disability, survivorship, and death, which is funded by dedicated payroll taxes. The Social Security Administration and the U.S. Departments of Health and Human Services, Labor, and the Treasury administer this program. The authority to establish and amend policy and benefit provisions rests with the President and Congress of the United States.

Funding Policy

Consistent with the Federal Insurance Contributions Act (FICA), a 6.20% Social Security tax is to be withheld from the gross salary/wages of District employees, up to but not exceeding the applicable social security wage base, which was $117,000 (not in thousands) for 2014. In addition, the District also pays a 1.45% payroll tax for Medicare with an additional 1.45% being withheld from each employee's salary/wages.

Beginning January 1, 2013, Additional Medicare Tax applies to an individual's Medicare wages that exceed a threshold amount based on the taxpayer's filing status. Employers, including the District, are responsible for withholding the 0.9% Additional Medicare Tax on an individual's wages paid in excess of $200,000 in a calendar year. An employer is required to begin withholding Additional Medicare Tax in the pay period in which wages paid to an employee in the calendar year exceed $200,000. There is no employer match for the Additional Medicare Tax.

District contributions to the Social Security System for FICA, for the years ended September 30, 2014 and 2013, were $75,062 and $68,740, respectively. In addition, District contributions for Medicare for fiscal years 2014 and 2013 were $30,007 and $27,729, respectively.

District Retirement Programs

Plan Descriptions

The Retirement Board administers the District's Retirement Programs (D.C. Code §4-601, 11-1561, 31-120), which consist of two single-employer defined benefit pension plans, one established for police and firefighters, and the other for teachers.

Each plan provides retirement, death and disability benefits, and annual cost of living adjustments to plan members and beneficiaries. Retirement and disability benefit provisions for police and firefighters are established by the Policemen and Firemen's Retirement and Disability Act (D.C. Code §5-701 et seq. (2001 ed.)). For the Teachers Plan, Title 38, Chapter 20 of the D.C. Code (D.C. Code § 38-2001, et seq. (2001 ed.)) assigns the authority to establish and amend benefit provisions to the Council. The Retirement Board issues a publicly available financial report which includes financial statements and required supplementary information for the plans. This report can be obtained from the Executive Director, District of Columbia Retirement Board, 900 7th Street, N.W., 2nd Floor, Washington, D.C. 20001.

Funding Policy

Police and firefighter member contribution requirements are established by D.C. Code § 5-706 and requirements for District contributions are established by D.C. Code § 1-907.02 (2001 ed.), which may be amended by the Council. Administrative costs are paid from investment earnings.

Teachers contribute by salary deductions on the basis of a normal rate of contributions, which is assigned by the Program upon membership. Members contribute 7% (or 8% for teachers hired on or after November 1, 1996) of annual gross salary, including any differential for special assignment and longevity, but excluding overtime, holiday, or military pay.

The District is required to contribute the remaining amounts necessary to finance the coverage of its employees through periodic contributions at actuarially determined amounts in accordance with the provisions of the Replacement Act. The Replacement Act defines the eligibility and the calculation of the amount of the benefit payment for covered District employees for service accrued after June 30, 1997. The District's contributions for fiscal years 2014, 2013, and 2012, were equal to the fund's independent actuary's recommendation.

Under P. L. 105-33, as amended by P. L. 105-277 and P. L. 108-489, the federal government makes annual

NOTE 9. RETIREMENT PROGRAMS

contributions to the Police and Firefighters' Plan and to the Teachers' Plan on behalf of District employees and retirees. These on-behalf payments totaled $467,290 for the year ended September 30, 2014, and have been reported as intergovernmental revenue. Related expenditures of $369,159 and $98,131 have been reported in the public safety and justice and the public education system functions, respectively.

Annual Pension Cost and Net Pension Obligation

As actuarially determined, in fiscal year 2014, the District was required to make contributions of $31,636 to the Teachers Pension Plan and $110,766 to the Police and Firefighters Pension Plan. The District made these required contributions totaling $142,402 accordingly. The District's annual pension cost and net pension obligation to these plans for fiscal year 2014 are presented in **Table N47.**

Table N48 presents three-year trend information regarding annual pension cost, percentage of annual pension cost contributed, and net pension obligation.

Table N47 - Annual Pension Cost and Net Pension Obligation

	Teachers	Police and Firefighters
Annual required contribution (ARC)	$31,636	$110,766
Interest on net pension obligation	$0	$0
Adjustment to ARC	$0	$0
Annual pension cost	$31,636	$110,766
Contributions made	$31,636	$110,766
Increase (decrease) in net pension obligation	$0	$0
Net pension obligation beginning of year	$0	$0
Net pension obligation end of year	$0	$0

Table N48 - Three Year Trend Information

	Teachers			Police and firefighters		
Fiscal Year Ending	Annual Pension Cost (APC) (millions)	Percentage of APC Contributed	Net Pension Obligation	Annual Pension Cost (APC) (millions)	Percentage of APC Contributed	Net Pension Obligation
09/30/14	$31.6	100%	$0	$110.8	100%	$0
09/30/13	$6.4	100%	$0	$96.3	100%	$0
09/30/12	$0	N/A	$0	$116.7*	100%	$0

*Revised from the previous year

Actuarial Methods and Assumptions

The District's Annual Required Contributions for the Police and Firefighters Pension Plan and the Teachers Pension Plan were calculated using the aggregate actuarial cost method. Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funding status and funding progress was prepared using the entry age normal actuarial cost method for that purpose. The information presented as required supplementary information is intended to serve as a surrogate for the funded status and funding progress of the plan.

Additional information regarding the plans as of the latest actuarial valuation date is presented in **Table N49.**

NOTE 9. RETIREMENT PROGRAMS

Table N49 – Additional Actuarial Information (District's Retirement Funds)

	Retirement Plan	
Assumption Description	**Teachers**	**Police Officers and Firefighters**
Actuarial cost method:	Entry age normal	Entry age normal
Amortization method:	Level dollar, closed	Level dollar, closed
Remaining amortization period:	20 years	20 years
Asset valuation method:	7-year smoothed market	7-year smoothed market
Inflation:	3.50%	3.50%
Salary increases:	4.45% to 8.25%, including wage inflation of 4.25%	4.45% to 9.25%, including wage inflation of 4.25%
Investment rate of return:	6.50%, net of pension plan investment expense, and including inflation	6.50%, net of pension plan investment expense, and including inflation
Cost of Living Adjustments:	3.50% (limited to 3.0% for those hired after 11/1/1996)	3.50% (limited to 3.0% for those hired after 11/1/1996)

Note:
Valuation Date: Actual contributions are based on valuations as of October 1, two years prior to end of fiscal year in which contributions are reported.

Funded Status and Funding Progress

As of October 1, 2013, the most recent actuarial valuation date, the Teachers', Police Officers' and Firefighters' Pension Plan was 103.6% funded. The actuarial accrued liability for benefits was $5,403,128 and the actuarial value of assets was $5,599,309 resulting in a negative unfunded actuarial accrued liability (UAAL), or funding excess, of ($196,181). The covered payroll (annual payroll of active employees covered by the plan) was $782,451 and the ratio of the UAAL to the covered payroll was -25.1%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan's assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Under the provisions of D C. Code §1-627, the District sponsors a defined contribution pension plan with a qualified trust under Internal Revenue Code (IRC) Section 401(a) for permanent full-time employees covered under the Social Security System. In fiscal year 2014, there were 15,717 employees participating in the Section 401(a) plan. New hires do not contribute to the plan and are eligible to participate after one year of service.

The District contributes 5% of base salaries for eligible employees each pay period. This contribution rate is 5.5% of base salaries for detention officers. Contributions and earnings vest incrementally beginning after two years of service, including a one-year waiting period, and vest fully after five years of service including the one-year waiting period. Contributions and earnings are forfeited for the period of service during which the employee does not achieve incremental vesting, if separation occurs before five years of credited service. These contributions are not considered assets of the District, and the District has no further liability to this plan.

For the fiscal years ended September 30, 2014, 2013, and 2012, District contributions to the plan were $50,274, $44,884, and $44,195, respectively.

This plan also covers employees of the D.C. Housing Authority, the Water and Sewer Authority, and the Health Benefit Exchange Authority, while the employees of the Housing Finance Agency, Washington Convention and Sports Authority, the University of the District of Columbia, and the Not-for-Profit Hospital Corporation are covered under separate defined contribution plans.

NOTE 9. RETIREMENT PROGRAMS

C. DEFERRED COMPENSATION PLANS

Internal Revenue Code Section 403 Plan

The District sponsors an annuity purchase plan (D.C. Code §31-1252) with insurance companies and other issuers in accordance with IRC Section 403 for public teachers covered by the District Retirement Program. The District does not contribute to this plan and has no liability to the plan. Under this annuity purchase plan, eligible employees were able to defer up to $17.5 ($17.5 thousand) of their annual compensation for calendar year 2014. Employees with 15 years of service or more were able to defer an additional amount, not to exceed the lesser of: (a) $3 ($3 thousand) in additional contributions; (b) $15 ($15 thousand) reduced by amounts contributed under this special provision in prior years; or (c) $5 ($5 thousand) times the number of years of service less the total elective deferrals from previous years. In addition, employees who were 50 years old or older by the end of the plan year were able to defer an additional amount as a catch up contribution. The maximum amount for such catch up contributions was $5.5 ($5.5 thousand) in 2014. District employees contributed $17,429 to this annuity plan in fiscal year 2014. Contributions vest immediately and are not assets of the District.

Internal Revenue Code Section 457 Plan

The District offers its employees a deferred compensation plan (D.C. Code §47-3601) created in accordance with IRC Section 457. Employees, including teachers, were able to defer the lesser of $17.5 ($17.5 thousand) or 100% of includable compensation in calendar year 2014. A special catch-up provision is also available to participants that allows them to "make up" or "catch up" for prior years in which they did not contribute the maximum amount to the plan. The "catch up" limit is the lesser of: (a) twice the annual contribution limit, $35 ($35 thousand); or (b) the annual contribution limit for the year plus underutilized amounts from prior taxable years. An additional deferral of $5.5 ($5.5 thousand) is available to participants who are at least 50 years old before the end of the calendar year.

Compensation deferred and income earned are taxable when paid, or made available to the participant or beneficiary, upon retirement, death, termination, or unforeseeable emergency. District employees contributed $41,799 to this plan in fiscal year 2014. Contributions are not assets of the District, and the District has no further liability to the plan.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Information on the District's Postretirement Health and Life Insurance Benefit Plan is provided below.

a) Plan Description:

The District of Columbia Postretirement Health and Life Insurance Benefit Plan (the Plan) is a single-employer defined benefit healthcare and life insurance plan administered jointly by the Department of Human Resources and the Office of Finance and Treasury. The Plan is administered as an irrevocable trust through which assets are accumulated and benefits are paid as they become due in accordance with the substantive plan. All employees hired after September 30, 1987, and employees who retire under the Teachers Retirement System and Police and Firefighters Retirement System or who are eligible for retirement benefits under the Social Security Act, are eligible to participate in the Plan. The Plan provides medical care and life insurance benefits to eligible employees. D.C. Code §1-621.09 authorizes the Mayor to determine the amount of District contribution for enrollments before the beginning of each contract period. In addition, the Mayor may propose amendments to establish and/or revise benefit provisions and the Council may elect to pass the appropriate legislation. The Plan's administrators issue a publicly available financial report that includes financial statements and required supplemental information for the Plan. This report may be obtained from the following location:

Office of Finance and Treasury
D.C. Treasurer
1101 4th Street, S.W., Suite 800
Washington, D.C. 20024

State Street serves as the Master Custodian for the OPEB Trust Fund and as an independent source, provides information on investment transactions, thereby confirming or disputing information provided by the Plan's investment managers.

b) Summary of Significant Accounting Policies

The Plan's financial statements are prepared using

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. District contributions to the plan are recognized when due and the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Plan's administrative costs are paid by the District.

Investments are reported at fair value with realized and unrealized gains and losses included in the Statement of Changes in Plan Net Position. Fair value of marketable securities is based on quoted market price, dealer quotes, and prices obtained from independent pricing sources. Securities for which market quotations are not readily available are valued at their fair value, as determined by the custodian under the direction of the plan or fund, with the assistance of a valuation service.

c) Funding Policy

The contribution requirements of plan members and the District are established by the Mayor and the Council of the District of Columbia. The Mayor and Council may also amend contribution requirements. The first actuarial valuation of the plan's assets and liabilities using GASB Statement No. 43 parameters was performed in fiscal year 2007, and the District began paying contributions based on an actuarially determined valuation using the parameters of GASB 45 in fiscal year 2008, as presented in the Schedule of Employer Contributions.

For fiscal year 2014, the District contributed $86.6 million to the plan and retiree (participant) contributions totaled $302,855 ($302.9 thousand). Cost sharing arrangements for annuitants vary depending on whether the employee was a General Employee, Teacher, Police Officer or Firefighter. For General Employees and Teachers, annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 75%, reduced by an additional 2.5% for each year of creditable service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 30 or more years of creditable District service, the District pays 75% of the cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan.

Covered family members of General Employee and Teacher annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the covered family member is 80%, reduced by an additional 1.0% for each year of creditable District service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 40% of the cost of the selected health benefit plan for covered family members of an annuitant with 30 or more years of creditable District service and the family members of an annuitant with 30 or more years of creditable District service pays up to 60% of the cost of the selected health benefit plan.

For Police Officers and Firefighters, annuitants with at least 10 years of creditable District service but less than 25 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 70%, reduced by an additional 3.0% for each year of creditable service over 10 years up to a maximum of 15 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 25 or more years of creditable District service or police officer or firefighter annuitants who are injured in the line of duty, the District pays 75% of cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan. Special rules apply for Police and Firefighters who were hired before November 10, 1996.

Covered family members of Police Officers and Firefighter annuitants with at least 10 years of creditable District service but less than 25 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the covered family members is 75%, reduced by an additional 3.0% for each year of creditable District service over 10 years. However, the portion paid by the covered family member is never less than 40%, and the District's contribution shall not exceed 60% of the cost of the selected health benefit plan; the family member pays 25% of the cost of the selected health benefit plan for covered family members of police officer or firefighters who were

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

hired before November 10, 1996.

The participant pays $.0455 per $1,000 ($1 thousand) of life insurance coverage until age 65 for the 75% reduction option, with no contributions required thereafter. Participants can also elect a 50% or 0% reduction of life insurance benefits, which require additional contributions.

d) Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the District's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Table N50 presents the actuarial assumptions used in determining the District's annual required contribution. **Table N51** presents the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB asset or obligation to the plan.

Table N50 – Actuarial Assumptions Used in Developing Annual Required Contribution to OPEB Plan

Valuation Date	September 30, 2013 (projected from September 30, 2012 census)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	29 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Discount Rate	7.00%
Rate of Salary Increases	3.75% (plus merit scale)
Rate of Medical Inflation	8.0% (pre-Medicare) or 6.5% (post-Medicare), grading to 4.00% over 70 years

Table N51 – Annual OPEB Cost, Actual Plan Contributions, and Changes in Net OPEB Obligations

	FY 2014	FY 2013	FY 2012
Annual required contribution	$86,600	$85,200	$95,500
Interest on net OPEB obligation	$700	$2,200	$3,192
Adjustment to annual required contribution	($600)	($1,900)	($2,252)
Annual OPEB cost (expense)	$86,700	$85,500	$96,440
Contributions made	$86,600	$107,800	$109,840
Net OPEB asset/(obligation)	($100)	$22,300	$13,400
Net OPEB asset/(obligation) – beginning of year	($9,906)	($32,206)	($45,606)
Net OPEB asset/(obligation) – end of year	($10,006)	($9,906)	($32,206)

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding years are shown in **Table N52.**

Table N52 - Annual OPEB Cost, Percentage of Annual OPEB Cost Contributed, Net OPEB Obligation (Fiscal Years 2012 through 2014)

Fiscal Year Ended	Annual OPEB Cost (millions)	% Of Annual OPEB Cost Contributed	Net OPEB Obligation (millions)
09/30/14	$86.7	99.9%	$10
09/30/13	$85.5	126.1%	$9.9
09/30/12	$96.4	113.9%	$32.2

e) Funded Status and Funding Progress

Using the most recent (September 30, 2013) actuarial valuation results, the September 30, 2013 estimated actuarial liability is $1,048,000 and the actuarial value of the assets is $897,800 resulting in an estimated unfunded actuarial accrued liability (UAAL) of $150,200. The estimated covered payroll is $1,441,100 and the ratio of the unfunded liability to covered payroll is 10.4%. The Plan is 85.7% funded.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

f) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Entry Age Normal Actuarial cost method was used to prepare the September 30, 2013 actuarial valuation. The actuarial assumptions included a 7.00% investment rate of return, a discount rate of 7.00%; a 3.75% salary increase and a medical trend rate ranging between 8.0% (pre-Medicare) and 6.5% (post-Medicare) grading to 4.00% over 70 years. Fixed dollar amounts in the health care benefits (deductibles, co-pays, benefit maximums, etc.) are assumed to increase periodically to keep pace with the medical trend. The amortization method applied was the Level Percent Closed Method. The remaining amortization period at September 30, 2013, was 29 years and the asset value method used was Market Value.

The actual performance of the Fund's investments was favorable in comparison to the projected rate of return of 7.00% used in the actuarial valuation. The Fund as a whole had a positive rate of return of 7.27% with net investment income of $71,733 for the fiscal year ended September 30, 2014.

NOTE 11. FUND BALANCE/NET POSITION

Fund balances at September 30, 2014, are shown in **Table N53a**.

Table N53a - Schedule of FY 2014 Fund Balance

	General Fund	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable						
Inventory	$ 25,668	$ 9,736	$ -	$ -	$ -	$ 35,404
Total Nonspendable Fund Balance	25,668	9,736	-	-	-	35,404
Restricted for:						
Emergency and Contingency Cash Reserves	355,417	-	-	-	-	355,417
Debt Service - Bond Escrow	437,786	-	-	-	-	437,786
Budget	23,239	-	-	-	-	23,239
Purpose Restrictions	137,707	154,749	-	-	-	292,456
Payment-in-Lieu of Taxes	-	-	-	-	35,984	35,984
Tobacco Settlement	-	-	-	-	82,558	82,558
Tax Increment Financing Program	13,840	-	-	-	59,534	73,374
Housing Production Trust	-	-	173,863	-	-	173,863
Highway Projects	-	-	-	-	61,708	61,708
Baseball Special Revenue	-	-	-	-	71,208	71,208
Soccer Stadium	15,022	-	-	-	-	15,022
Total Restricted Fund Balance	983,011	154,749	173,863	-	310,992	1,622,615
Committed to:						
Fiscal Stabilization Reserve	164,551	-	-	-	-	164,551
Cash Flow Reserve	343,528	-	-	-	-	343,528
Budget Support Act	8,722	-	-	-	-	8,722
Commodities Cost Reserve	25,091	-	-	-	-	25,091
Dedicated Taxes	57,456	-	-	-	-	57,456
Other Special Purposes	145,301	-	-	-	-	145,301
Total Committed Fund Balance	744,649	-	-	-	-	744,649
Assigned to:						
Contractual Obligations	6,852	-	-	-	-	6,852
Subsequent Years' Expenditures	113,479	-	-	-	-	113,479
Total Assigned Fund Balance	120,331	-	-	-	-	120,331
Unassigned	-	-	-	(114,248)	-	(114,248)
Total Fund Balance	**$ 1,873,659**	**$ 164,485**	**$ 173,863**	**$ (114,248)**	**$ 310,992**	**$ 2,408,751**

Net position at September 30, 2014, is shown in **Table N53b**.

Table N53b - Schedule of FY 2014 Net Position, Proprietary and Fiduciary Funds

	Lottery & Games	Unemployment Compensation Fund	Fiduciary Funds
Net Position			
Invested in capital assets	$ 270	$ -	$ -
Restricted	-	260,645	7,733,922
Unrestricted	4,012	-	-
Total Net Position	$ 4,282	$ 260,645	$ 7,733,922

NOTE 12. JOINT VENTURE

Washington Metropolitan Area Transit Authority

The Washington Metropolitan Area Transit Authority (WMATA) was created by an Interstate Compact between Maryland, Virginia and the District of Columbia, pursuant to Public Law 89-774. The District's commitment or obligation to provide financial assistance to WMATA is established by annual appropriations, as approved by Congress. The District supports WMATA through operating, debt service and capital grants. The District places the amounts to be provided to WMATA in an escrow account until such time when the funds are drawn down for use by WMATA. Operating grants may be in the form of operating and interest subsidies. WMATA records the District's operating grants as advanced contributions when received and as non-operating revenues when the related expenses are incurred. WMATA recognizes the District's capital grants as additions to construction in progress and investment in capital assets when the grant resources are expended for capital acquisitions. A summary of the grants provided to WMATA during the year ended September 30, 2014, is shown in **Table N54a.**

Table N54a - Summary of Grants Provided to WMATA

Type	Local	Capital
Operating grants	$ 302,277	$ -
School Transit Subsidy	7,159	-
Capital grants	-	132,832
Total	**$ 309,436**	**$ 132,832**

WMATA issues separate audited financial statements which can be requested from the General Manager, Washington Metropolitan Area Transit Authority, 600 5th Street, N.W., Washington, D.C. 20001. **Table N54b** presents information that allows financial statement users to assess whether WMATA is accumulating significant financial resources or experiencing fiscal stress that may cause additional financial benefits or burden to the District and other participating governments.

Table N54b - Summary of Financial Statements for WMATA as of and for the year ended June 30, 2014

Financial Position	
Total assets	$ 10,660,373
Total deferred outflows of resources	-
Total liabilities	(2,093,800)
Total deferred inflows of resources	(74,776)
Net position	**$ 8,491,797**
Operating Results	
Operating revenues	$ 854,580
Operating expenses	(2,348,217)
Nonoperating revenues, net	843,380
Revenue from capital contributions	887,480
Change in net position	**$ 237,223**
Change in Net Position	
Net position, beginning of year	$ 8,254,574
Change in net position	237,223
Net position, end of year	**$ 8,491,797**

Note: Audited financial statements were not available for FY 2014. Data presented is based on unaudited financial statements prepared by WMATA.

NOTE 13. TRANSACTIONS WITH THE FEDERAL GOVERNMENT

A. FEDERAL CONTRIBUTION

In accordance with the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105-33), the annual federal payment was repealed and replaced by a federal contribution to cover special purpose and other unusual costs imposed on the District by the federal government. Federal contributions to the District for the year ended September 30, 2014, totaled $519,846.

B. EMERGENCY PREPAREDNESS

The District, as the nation's capital, serves as the command post and the source of first response to any national threat or terrorist act against the nation. In fiscal year 2002, the District received $155,900 in federal funding for emergency preparedness. This funding was provided by the federal government to assist the District in preparing for response to potential terrorist threats or other attacks. Since 2002, the District had expended a total of $152,262, or 97.7% of the federal funding received for purposes of emergency preparedness. The District did not expend any additional amounts during fiscal year 2014.

NOTE 13. TRANSACTIONS WITH THE FEDERAL GOVERNMENT

C. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

The District participates in the federal government's Supplemental Nutrition Assistance Program (SNAP) (food stamp program), which is designed to increase the food purchasing power of economically disadvantaged residents. SNAP expenditures totaled $235,567 and $222,659 in fiscal years 2013 and 2014, respectively.

D. GRANTS

In addition to SNAP, the District participates in a number of programs which are funded by the federal government through formula and project grants, direct and guaranteed loans, direct payments for specified and unrestricted use, and other pass-through grants.

The federal government also provides capital grants, which are used for the purchase or construction of capital assets. Federal grants and contributions are shown by function on the government-wide financial statements.

NOTE 14. LEASES

A. CAPITAL LEASES

The District leases buildings and equipment under various agreements that are accounted for as capital leases with varying terms. Capital lease commitments are recorded in the government-wide financial statements.

Capital lease payments are classified as debt service expenditures in the governmental funds. Such expenditures totaled $2,862 in fiscal year 2014.

B. OPERATING LEASES

Operating leases are not recorded in the statement of net position. These leases contain various renewal options, the effects of which are reflected in the minimum lease payments only if the options will be exercised. Certain other operating leases contain escalation clauses and contingent rentals that are not included in the calculation of the future minimum lease payments. Operating lease expenditures recorded in governmental funds totaled $124,898 in fiscal year 2014.

C. SCHEDULE OF FUTURE MINIMUM LEASE COMMITMENTS

Table N55 shows the present value of future minimum lease payments under capital leases and minimum lease payments for all operating leases having non-cancelable terms in excess of one year at September 30, 2014.

Table N55 - Schedule of Future Minimum Lease Payments

	Primary Government		
	Capital	Operating Leases	
Year Ending September 30	Leases	Facilities	Equipment
2015	$ 3,507	$ 82,483	$ 1,146
2016	3,507	80,995	1,094
2017	1,874	75,294	854
2018	-	73,908	644
2019	-	66,463	542
2020-2024	-	199,953	-
2025-2029	-	23,272	-
2030-2034	-	703	-
2035-2039	-	815	-
2040-2044	-	945	-
2045-2049	-	1,095	-
2050-2054	-	40	-
Minimum lease payments	**8,888**	**$ 605,966**	**$ 4,280**
Less - imputed interest	(726)		
Present value of payments	**$ 8,162**		

NOTE 15. COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District pays all claim settlements and judgments from its general fund resources and reports all of its risk management activities as governmental activities in the government-wide financial statements. Claim expenditures and liabilities are reported in the government-wide financial statements when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated, and reported in the general fund when due and payable. These losses include an estimate of claims that have been incurred but not reported.

B. GRANTS AND CONTRACTS

The District has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the District. The audits of these federally assisted programs have not been conducted for the year ended September 30, 2014. As such, the District's compliance with applicable grant and federal requirements will be assessed and established at some future date. Based on prior experience and resolutions reached with grantor agencies, the District determined that at September 30, 2014, probable cumulative expenditures that may be disallowed by grantor agencies totaled $132,203. Accordingly, an accrual for such expenditures has been recorded in the government-wide financial statements.

C. CONTINGENCIES RELATED TO DERIVATIVE INSTRUMENTS

All of the District's derivative instruments, except the rate cap, include provisions that require the District to post collateral in the event its credit rating falls below AA as issued by Fitch Ratings and Standard and Poor's or Aa as issued by Moody's Investors Service. The collateral posted is to be in the form of U.S. treasury securities in the amount of the fair value of hedging derivative instruments in liability positions net of the effect of applicable netting arrangements. If the District does not post collateral, the hedging derivative instrument may be terminated by the counterparty. At September 30, 2014, the aggregate fair value of all hedging derivative instruments with these collateral posting provisions was ($48,030) as indicated in **Table N8**. If the collateral posting requirements were triggered at September 30, 2014, the District would have been required to post $0 in collateral to counterparties. The District's general obligation credit rating is AA/Aa2/AA; therefore, no collateral had been posted at September 30, 2014.

D. LITIGATION

The District is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations. Although the ultimate outcome of these legal proceedings and investigations is unknown, the District is vigorously defending its position in each case. All amounts in connection with lawsuits in which a loss is probable have been included in the liability for claims and judgments at September 30, 2014.

The accrued liability is based on estimates of the payments that will be made upon judgment or resolution of the claim. This accrued amount is the minimum amount in the range of estimates that have the same probability of occurrence. The sum of the amount in excess of the minimum range of probable losses and the amount of the minimum range of losses that are reasonably possible which are not accrued is estimated to be $47,657.

In fiscal year 2014, there was a $5,581 net reduction in the accrual related to pending or unresolved property tax appeals made by District property owners in fiscal year 2014.

A summary of the changes in the accrued liability for claims and judgments reported in the government-wide financial statements is shown in **Table N56.**

Table N56 - Summary of Changes in Claims and Judgments Accrual

Description	Fiscal Year 2014	Fiscal Year 2013
Liability at October 1	$ 207,481	$ 135,084
Add: Claims incurred		
Lawsuits	22,278	61,410
Property tax appeals	19,777	37,706
Less: Claims payments/adjustments		
Lawsuits	(64,986)	(23,115)
Property tax appeals	(25,358)	(3,604)
Liability at September 30	$ 159,192	$ 207,481

NOTE. 15. COMMITMENTS AND CONTINGENCIES

E. DISABILITY COMPENSATION

The District, through its Office of Risk Management, administers a disability compensation program under Title XXIII of the District of Columbia Compensation Merit Personnel Act of 1978 (CMPA). This program, which covers all District employees hired under the authority of CMPA, provides compensation for lost wages, medical expenses, and other limited rehabilitation expenses to eligible employees and/or their dependents, where a work-related injury or illness results in disability or death. The benefits are funded on a pay-as-you-go basis. The present value discounted at 1.75% of projected disability compensation is accrued in the government-wide financial statements.

A summary of changes in this accrual is shown in **Table N57**.

Table N57 – Summary of Changes in Disability Compensation Accrual

Description	Fiscal Year 2014	Fiscal Year 2013
Liability at October 1	**$ 129,251**	**$ 135,046**
Claims incurred/adjustments	19,411	5,738
Less-benefit payments	(19,661)	(11,533)
Liability at September 30	**$ 129,001**	**$ 129,251**

F. DEBT SERVICE DEPOSIT AGREEMENTS

In prior years, the District entered into debt service deposit agreements which were effective through fiscal year 2014. Under these agreements, the District exchanged future cash flows of certain special tax fund escrow accounts for fixed amounts received by the District. Execution of the debt service deposit agreements increased the District's ability to predict cash flows from the earnings on escrow account investments.

Upon early termination of an agreement and depending upon the prevailing interest rates at the time of termination, a termination amount would have been owed by the District. At September 30, 2014, there were no deferred inflows of resources related to debt service deposit agreements because the agreements matured during the year.

NOTE 16. SUBSEQUENT EVENTS

A. TAX REVENUE ANTICIPATION NOTES

In November 2014, the District issued $400,000 in General Obligation Tax Revenue Anticipation Notes (TRANs). The issuance of such notes is a short term financing method used to provide for seasonal cash flow needs. Proceeds from this issuance are to be used to finance general governmental expenses of the District in anticipation of the collection or receipt of revenues for fiscal year 2015.

The TRANs are general obligations of the District secured by the District's full faith and credit and are payable from all funds of the District not otherwise legally committed. In addition, the TRANs constitute continuing obligations until paid in accordance with their terms. The District has covenanted to deposit certain receipts into a TRANs Escrow Account, a segregated special purpose account, for the purpose of paying the principal of and interest on the TRANs when due.

Under the TRANs Escrow Agreement, the District is to make deposits into the TRANs Escrow Account in accordance with the following schedule:

Date of Deposit	Amount of Deposit
September 1, 2015	20% of the outstanding principal amount
September 21, 2015	60% of the outstanding principal amount
September 29, 2015	20% of the outstanding principal amount, plus 100% of accrued interest to maturity

The TRANs were issued as fixed rate notes with an interest rate of 1.50%, and will mature on September 30, 2015.

NOTE. 16. SUBSEQUENT EVENTS

B. GENERAL OBLIGATION BONDS

In October 2014, the District issued $379,355 in General Obligation Bonds, Series 2014C and $136,190 in General Obligation Refunding Bonds, Series 2014D. These Bonds are general obligations of the District and as such, the full faith and credit of the District is pledged to the payment of principal and interest on the Bonds when due. The Bonds are further secured by a security interest in and a lien on the funds derived from a special real property tax levied annually by the District, without limitation as to rate or amount, in amounts sufficient to pay the principal of and interest on the Bonds and any other outstanding general obligation parity bonds when due.

The proceeds of the Series 2014C Bonds will be used to: (1) finance capital project expenditures under the District's capital improvements plan, and (2) pay the costs and expenses of issuing and delivering the Series 2014C Bonds. The proceeds of the Series 2014D Bonds will be used, together with other available funds of the District, to: (1) refund all of the District's outstanding Multimodal General Obligation Refunding Bonds (Variable Rate Demand Obligations), Series 2008A and Multimodal General Obligation Refunding Bonds (Variable Rate Demand Obligations), Series 2008D, and (2) pay the costs and expenses of issuing and delivering the Series 2014D Bonds.

The interest rates pertaining to the Series 2014C Bonds range between 3.00% and 5.00%. The interest rates related to the Series 2014D Bonds range between 1.00% and 5.00%.

C. INCOME TAX SECURED REVENUE REFUNDING BONDS

In November 2014, the District issued $60,875 in Income Tax Secured Revenue Refunding Bonds, Series 2014B. The proceeds of the Series 2014B Bonds were used to: (a) currently refund $60,260 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2013A maturing on December 1, 2014, and (b) pay the costs and expenses of issuing and delivering the Series 2014B Bonds.

The Series 2014B Bonds bear interest at a variable rate equal to the Adjusted SIFMA rates, which equal the SIFMA rates plus the per annum spread for each maturity.

D. PILOT REVENUE NOTE (THE YARDS PROJECT)

In December 2007, the District and Forest City SEFC, LLC entered into a development agreement whereby the District agreed to provide Forest City with financing for the development costs of public infrastructure associated with the phased development of The Yards, an approximately 42 acre site located in the southeast quadrant of the District and consisting of a portion of the Southeast Federal Center project, now known as The Yards. On December 18, 2014, the District issued its second note for the Southeast Federal Center, PILOT Revenue Note (the Yards Project) Series 2014.

The Series 2014 Note provides $34.8 million in funding to reimburse Forest City for public infrastructure costs. The variable rate obligation utilizes a draw-down structure and is repaid with PILOT revenues from multiple buildings located in the site. The note will initially bear interest at .75 of the LIBOR 30-day index plus 1.70%, which, at issuance, was approximately 1.82%. The initial draw was approximately $9,450, and the full $34.8 million is expected to be drawn over a three-year period. The note is structured as a 5-year interest-only note, with interest paid on drawn funds. Any and all excess PILOT revenues are available to pay down principal. The note is expected to be extended or refinanced after 5 years.

E. COMPONENT UNITS

Housing Finance Agency

Subsequent to the end of fiscal year 2014, the following events occurred at the Housing Finance Agency (HFA):

Multifamily (Conduit Bond) Program, New Issuances:

- On October 20, 2014, $15,500 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2014 were issued in a draw down mode to finance the 2321 4th Street project.
- On October 22, 2014, $35,510 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2014 were issued in a draw down mode to finance the Highland Dwellings Project.
- On November 19, 2014, $15,000 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2014 were

NOTE. 16. SUBSEQUENT EVENTS

issued to finance the Lincoln Westmoreland Project.

- On November 25, 2014, $21,570 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2014 were issued in a draw down mode to finance the Edgewood Terrace I Project.

- On December 10, 2014, $11,186 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2014 were issued in a draw down mode to finance the 7611 and 7701 Georgia Avenue, N.W. Project.

- Between October 1, 2014 and December 18, 2014, $22,045 of multifamily mortgage revenue bonds were issued through draws on the draw down bonds.

Single Family New Issue Bond Program Redemptions and Maturities:

- On December 1, 2014, $140 in District of Columbia Housing Finance Agency Single Family Housing Revenue Bonds, Series 2009A-1 were redeemed through sinking fund maturity.

- On December 1, 2014, $2,230 in Single Family Mortgage Revenue Bonds were redeemed.

- On December 1, 2014, $85 in District of Columbia Housing Finance Agency Collateralized Single Family Housing Revenue Bonds, 1988 Series E-4 were redeemed from prepayments.

Multifamily New Issue Bond Program Redemptions and Maturities:

- On December 1, 2014, $18,330 in District of Columbia Housing Finance Agency Housing Revenue Bonds GNMA Collateralized Series 2009 A-13 (Paul Laurence Dunbar Apartments Project) were fully redeemed due to loan payoff.

- Between October 1, 2014 and December 18, 2014, $2,125 in Multifamily NIBP mortgage revenue bonds were redeemed.

Multifamily (Conduit Bond) Program, Redemptions and Maturities:

- On December 1, 2014, $6,170 in District of Columbia Housing Finance Agency Housing Revenue Bonds, Series 2013 B (Senior Housing at O Project) were fully redeemed due to the loan payoff.

- Between October 1, 2014 and December 18, 2014, $3,845 in multifamily mortgage revenue bonds were redeemed or matured.

F. WATER AND SEWER AUTHORITY (D. C. WATER) PAYMENT IN LIEU OF TAXES

On December 15, 2014, the District and the Water and Sewer Authority (D.C. Water) entered into a Memorandum of Understanding (MOU) which establishes the total amount of the payment in lieu of taxes (PILOT), including annual increases, to be paid by D.C. Water to the District for fiscal years 2015 to 2024.

Consistent with the executed MOU:

- In fiscal year 2015, D.C. Water is to make a PILOT payment to the District in the amount of $15,337 for services provided by the District to D.C. Water.

- In fiscal years 2016 to 2024, D.C. Water is to increase the amount of the PILOT payment by 2.0% per annum based on the amount of the prior year's annual PILOT payment, reflecting the anticipated increase in the cost of services over that period.

- The provisions in previous PILOT agreements relating to the submission of an annual cost certificate are no longer in effect and increases in the PILOT payment are to be based solely on the formula previously described.

- D.C. Water is to continue to deduct one-fourth of the amount of the annual Fire Protection Service Fee from the annual PILOT payment, resulting in a net PILOT payment.

- D.C. Water is to make the fiscal year 2015 to 2024 net PILOT payment in four equal installments due on November 15, February 15, May 15, and August 15 via electronic funds transfer, or other means as agreed to by the District and D.C. Water.

The PILOT MOU between the District and D.C. Water will be effective until September 30, 2024

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information presents additional information as mandated by current governmental financial reporting standards.

Schedule of Funding Progress
District of Columbia Retirement Programs

TEACHERS' AND POLICE OFFICERS' AND FIREFIGHTERS' PLANS

As of September 30, 2014
($000s)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liability (UAAL)/ (Funding Excess)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/2013	$5,599,309	$5,403,128	($196,181)	103.6%	$782,451	-25.1%
10/01/2012	$5,390,479	$5,137,524	($252,955)	104.9%	$796,112	-31.8%
10/01/2011	$5,167,370	$4,854,689	($312,681)	106.4%	$805,676	-38.8%
10/01/2010	$4,989,764	$4,495,129	($494,635)	111.0%	$761,370	-65.0%
10/01/2009	$4,493,400	$4,332,400	($161,000)	103.7%	$772,700	-20.8%

Until September 30, 2011, the District of Columbia Retirement Board used the Aggregate Actuarial Cost Method, which does not result in the calculation of an unfunded accrued liability. GASB Statement No. 50 requires funds using the Aggregate Actuarial Cost Method to disclose funding status information based on Entry Age Normal calculations. Accordingly, all numbers shown in the above Schedule of Funding Progress have been determined based on the Entry Age Normal Actuarial Cost Method.

Schedule of Employer Contributions
District of Columbia Retirement Programs

TEACHERS' AND POLICE OFFICERS' AND FIREFIGHTERS' PLANS

As of September 30, 2014
($000s)

	Teachers	Police and Firefighters
Annual required contribution (ARC)	$31,636	$110,766
Interest on net pension obligation	$0	$0
Adjustment to ARC	$0	$0
Annual pension cost	$31,636	$110,766
Contributions made	$31,636	$110,766
Increase (decrease) in net pension obligation	$0	$0
Net pension obligation beginning of year	$0	$0
Net pension obligation end of year	$0	$0

Actuarial Methods and Assumptions

OTHER POST EMPLOYMENT BENEFITS (OPEB) PROGRAM
As of September 30, 2014

Valuation Date	September 30, 2013 (projected from September 30, 2012 census)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	29 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Discount Rate	7.00%
Rate of Salary Increases	3.75% (plus merit scale)
Rate of Medical Inflation	8.0% (pre-Medicare) or 6.5% (post-Medicare), grading to 4.00% over 70 years

The rate of employer contributions to the Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a level percent of payroll cost which, along with the member contributions, will pay for projected benefits at retirement for the average plan participant. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Costs or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the Unfunded Actuarial Liability.

Schedule of Funding Progress

OTHER POST EMPLOYMENT BENEFITS (OPEB) PROGRAM
As of September 30, 2014
($000s)

	Actuarial Value of Assets	**Actuarial Accrued Liabilities**	**Unfunded Actuarial Accrued Liabilities (UAAL)**	**Funded Ratio**	**Covered Payroll**	**UAAL as a Percentage of Covered Payroll**
9/30/2013	$897,800	$1,048,000	$150,200	85.7%	$1,441,100	10.4%
9/30/2012	$693,300	$919,700	$226,400	75.4%	$1,399,100	16.2%
9/30/2011	$511,500	$866,600	$355,100	59.0%	$1,559,800	22.8%
9/30/2010	$424,300	$784,900	$360,600	54.1%	$1,544,500	23.3%
9/30/2009	$309,100	$625,900	$316,800	49.4%	$1,579,900	20.1%

Schedule of Employer Contributions

OTHER POST EMPLOYMENT BENEFITS (OPEB) PROGRAM
As of September 30, 2014
($000s)

	FY 2014	FY 2013	FY 2012
Annual required contribution	$86,600	$85,200	$95,500
Interest on net OPEB obligation	$700	$2,200	$3,192
Adjustment to annual required contribution	($600)	($1,900)	($2,252)
Annual OPEB cost (expense)	$86,700	$85,500	$96,440
Contributions made	$86,600	$107,800	$109,840
Net OPEB asset/(obligation)	($100)	$22,300	$13,400
Net OPEB asset/(obligation) – beginning of year	($9,906)	($32,206)	($45,606)
Net OPEB asset/(obligation) – end of year	($10,006)	($9,906)	($32,206)

OTHER SUPPLEMENTARY INFORMATION

This subsection includes the combining and individual fund statements and schedules for the following:

General Fund

Nonmajor Governmental Funds

Fiduciary Funds

Supporting Schedules

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GENERAL FUND

The General Fund is used to account for all financial resources that are not required to be accounted for in another fund.

Exhibit A-1

GENERAL FUND
BALANCE SHEET
September 30, 2014
(With Comparative Totals at September 30, 2013)
($000s)

	2014	2013
ASSETS		
Cash and cash equivalents (unrestricted)	$ 1,117,260	$ 1,279,409
Receivables (net of allowances for uncollectibles):		
Intergovernmental	65	364
Taxes	483,468	380,360
Accounts	139,519	91,525
Due from component units	37,037	24,080
Interfund	265,950	231,527
Inventories	25,668	16,015
Other current assets	4,357	1,603
Cash and cash equivalents (restricted)	789,340	756,091
Investments (restricted)	81,338	85,322
Total current assets	2,944,002	2,866,296
Long term assets	171,974	158,705
Total assets	$ **3,115,976**	$ **3,025,001**
LIABILITIES		
Liabilities:		
Payables:		
Accounts	$ 444,084	$ 459,622
Compensation:		
Salaries and wages	184,069	176,336
Employee benefits	2,694	1,559
Payroll taxes	621	383
Other deductions	4,812	6,313
Interfund	14,387	26,445
Due to component units	14,528	10,183
Unearned revenue	59,090	80,396
Other	34,872	31,695
Accrued liabilities:		
Grant disallowances	7,445	4,055
Medicaid	180,291	196,017
Tax refunds	114,895	101,019
Other current liabilities	18,966	42,565
Total liabilities	**1,080,754**	**1,136,588**
DEFERRED INFLOW OF RESOURCES		
Unavailable revenues		
Property taxes	44,549	60,961
Others	117,014	78,524
Total deferred inflow of resources	**161,563**	**139,485**
FUND BALANCE		
Nonspendable	25,668	16,015
Restricted	983,011	976,071
Committed	744,649	659,567
Assigned	120,331	97,275
Total fund balance	**1,873,659**	**1,748,928**
Total liabilities, deferred inflow of resources and fund balance	$ **3,115,976**	$ **3,025,001**

See Accompanying Independent Auditors' Report.

Exhibit A-2

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)
($000s)

	2014	2013
Revenues:		
Taxes	$ 6,166,471	$ 5,960,636
Fines and forfeits	143,124	178,708
Licenses and permits	102,242	105,081
Charges for services:		
Public	251,115	242,347
Intergovernmental	1,961	726
Miscellaneous:		
Public	427,164	364,346
Investment income	3,323	2,749
Total revenues	7,095,400	6,854,593
Expenditures:		
Governmental direction and support	841,765	748,634
Economic development and regulation	288,002	260,700
Public safety and justice	1,049,808	982,461
Public education system	1,752,794	1,681,634
Human support services	1,822,322	1,783,940
Public works	303,514	261,049
Public transportation	309,436	284,851
Debt service:		
Principal	239,888	193,504
Interest	336,385	320,135
Fiscal charges	4,894	8,160
Total expenditures	6,948,808	6,525,068
EXCESS OF REVENUES OVER EXPENDITURES	146,592	329,525
Other Financing Sources (Uses):		
Debt issuance	4,775	5,353
Refunding debt issuance	475,305	-
Premium on sale of bonds	28,134	-
Payment to refunded bond escrow agent	(503,439)	-
Transfers in	125,193	118,362
Transfers out	(152,879)	(214,446)
Sale of capital assets	1,050	3,613
Total other financing uses	(21,861)	(87,118)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	**124,731**	**242,407**
Fund Balance at October 1,	**1,748,928**	**1,506,521**
Fund Balance at September 30	**$ 1,873,659**	**$ 1,748,928**

See Accompanying Independent Auditors' Report.

Exhibit A-3

GENERAL FUND
SCHEDULE OF EXPENDITURES AND NET FINANCING (SOURCES) USES
FUNCTION AND OBJECT - GAAP BASIS
For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)
($000s)

Function and Subfunction	Personnel Services	Contractual Services	Supplies	Occupancy	Miscel-laneous *	Totals 2014	Totals 2013
Governmental Direction and Support:							
Legislative	$ 20,321	$ 2,598	$ 122	$ 574	$ 754	$ 24,369	$ 24,234
Executive	76,070	35,680	344	3,805	1,991	117,890	108,166
Finance	84,315	31,711	292	-	226,953	343,271	275,824
Personnel	10,455	1,015	13	17	26	11,526	12,248
Administrative	91,663	116,152	5,682	120,461	1,182	335,140	319,344
Elections	6,468	2,612	245	19	225	9,569	8,818
Total	289,292	189,768	6,698	124,876	231,131	841,765	748,634
Economic Development and Regulation:							
Community development	25,579	25,657	242	1,666	81,362	134,506	124,893
Economic regulation	58,126	16,061	369	5,365	6,081	86,002	75,279
Employment services	23,400	15,863	182	1,113	26,936	67,494	60,528
Total	107,105	57,581	793	8,144	114,379	288,002	260,700
Public Safety and Justice:							
Police	486,070	57,250	4,402	2,459	131,159	681,340	608,485
Fire	192,640	10,690	4,885	1	8,245	216,461	227,035
Corrections	73,154	53,823	5,532	2,793	1,418	136,720	132,761
Protection	6,188	1,381	253	19	204	8,045	6,651
Law	6,572	309	170	-	132	7,183	7,529
Judicial	-	59	-	-	-	59	-
Total	764,624	123,512	15,242	5,272	141,158	1,049,808	982,461
Public Education System:							
Schools	518,641	82,659	10,328	36,678	677,378	1,325,684	1,271,234
Culture	134,488	39,722	1,667	9,860	241,373	427,110	410,400
Total	653,129	122,381	11,995	46,538	918,751	1,752,794	1,681,634
Human Support Services:							
Health and welfare	286,679	119,513	10,052	51,635	1,169,718	1,637,597	1,586,707
Human relations	5,684	5,332	148	153	21,974	33,291	23,934
Employment benefits	107,930	-	-	-	6,620	114,550	138,423
Recreation	30,264	3,988	1,234	6	1,392	36,884	34,876
Total	430,557	128,833	11,434	51,794	1,199,704	1,822,322	1,783,940
Public Works	163,491	110,249	5,296	10,107	14,371	303,514	261,049
Public Transportation	-	-	-	-	309,436	309,436	284,851
Debt Service	-	-	-	-	581,167	581,167	521,799
Net Financing Uses	-	-	-	-	21,861	21,861	87,118
Total expenditures and net uses	$ 2,408,198	$ 732,324	$ 51,458	$ 246,731	$ 3,531,958	$ 6,970,669	$ 6,612,186

See Accompanying Independent Auditors' Report.

*Miscellaneous column includes transfers, subsidies and other payments, the major components of which are listed below.

Transfers to: Convention Center [$108,701], Public Charter Schools [$627,979], UDC [$66,691], PAYGO-Capital [$59,798], Police & Fire Retirement System [$109,199], Teachers Retirement System [$31,573], Mass Transit Subsidies [$309,436], Housing Authority Subsidy [$34,934]

Payments for: Dept. of Mental Health [$46,415], Dept. of Health Care Finance [$748,543], Dept. of Human Services [$162,629], Child & Family Services [$85,520], Dept. of Youth Rehabilitation [$48,377], District Retiree Health Contribution [$86,600], Disability Services [$38,799], DC Public Schools [$16,796], State Education [$83,715], Non-Public Tuition [$75,835], Dept. of Employment Services [$26,936], Equipment Lease-Capital [$45,617], Housing Production Trust Fund [$38,966], Certificate of Participation [$46,026], Repayment of Loans & Interest [$501,899], Deputy Mayor for Public Safety & Justice [$13,800], Department of the Environment [$14,119], Highway Transportation Fund [$40,877], Office of the Chief Financial Officer [$55,657]

Exhibit A-4

GENERAL FUND
SCHEDULE OF LOCAL SOURCE REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended September 30, 2014
($000s)

Source	Budget Original	Budget Revised	Actual	Variance Positive (Negative)
Taxes:				
Property:				
Real	$ 1,923,216	$ 1,970,967	$ 1,985,426	$ 14,459
Personal	58,870	56,410	55,413	(997)
Public space rental	31,840	34,512	33,197	(1,315)
Total	2,013,926	2,061,889	2,074,036	12,147
Sales and use:				
General	1,134,387	1,141,668	1,134,462	(7,206)
Alcoholic beverages	5,517	6,153	6,234	81
Cigarette	38,201	33,400	33,205	(195)
Motor vehicles	44,983	47,705	47,578	(127)
Motor fuel tax	21,780	22,391	22,961	570
Total	1,244,868	1,251,317	1,244,440	(6,877)
Income and franchise:				
Individual income	1,644,763	1,721,218	1,679,173	(42,045)
Corporation franchise	306,191	315,760	280,186	(35,574)
Unincorporated business	170,380	159,092	135,395	(23,697)
Total	2,121,334	2,196,070	2,094,754	(101,316)
Gross receipts:				
Public utility	143,195	138,643	137,070	(1,573)
Toll telecommunication	58,946	57,017	52,520	(4,497)
Insurance companies	90,000	87,353	62,342	(25,011)
Health care providers	16,814	14,114	39,868	25,754
Health care related incomes	40,227	38,117	50,649	12,532
Total	349,182	335,244	342,449	7,205
Other:				
Deed recordation	161,897	156,594	182,327	25,733
Deed transfers	110,367	110,371	131,547	21,176
Inheritance and estate	40,000	39,700	32,123	(7,577)
Economic interests	10,976	18,496	31,171	12,675
Total	323,240	325,161	377,168	52,007
Total taxes	6,052,550	6,169,681	6,132,847	(36,834)
Licenses and Permits:				
Business licenses	35,995	40,235	46,956	6,721
Nonbusiness permits	30,397	33,199	32,254	(945)
Total	66,392	73,434	79,210	5,776
Fines and Forfeits	227,672	174,958	136,794	(38,164)
Charges for Services	69,659	64,909	77,984	13,075
Miscellaneous:				
Interest	2,500	102	708	606
Other	81,528	83,305	124,512	41,207
Total	84,028	83,407	125,220	41,813
Total Local Revenues	**6,500,301**	**6,566,389**	**6,552,055**	**(14,334)**
Transfers and Other sources:				
General obligation bonds	6,000	6,000	584	(5,416)
Fund balance released from restrictions	99,539	228,331	80,000	(148,331)
Interfund transfer	67,702	118,363	121,015	2,652
Total Transfers and Other Sources	**173,241**	**352,694**	**201,599**	**(151,095)**
Total Local Revenues and Sources	**$ 6,673,542**	**$ 6,919,083**	**$ 6,753,654**	**$ (165,429)**

See Accompanying Independent Auditors' Report.

Exhibit A-5

GENERAL FUND
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
Year Ended September 30, 2014
($000s)

	Local Source				Other Source				Totals			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Revenues and Sources:												
Taxes												
Property	$ 2,013,926	$ 2,061,889	$ 2,074,036	$ 12,147	$ -	$ -	$ -	$ -	$ 2,013,926	$ 2,061,889	$ 2,074,036	$ 12,147
Sales and uses	1,244,868	1,251,317	1,244,440	(6,877)	-	-	-	-	1,244,868	1,251,317	1,244,440	(6,877)
Income and franchise	2,121,334	2,196,070	2,094,754	(101,316)	-	-	-	-	2,121,334	2,196,070	2,094,754	(101,316)
Gross receipts and other taxes	672,422	660,405	719,617	59,212	-	-	-	-	672,422	660,405	719,617	59,212
Total taxes	6,052,550	6,169,681	6,132,847	(36,834)	-	-	-	-	6,052,550	6,169,681	6,132,847	(36,834)
Licenses and permits	66,392	73,434	79,210	5,776	-	-	-	-	66,392	73,434	79,210	5,776
Fines and forfeits	227,672	174,958	136,794	(38,164)	-	-	-	-	227,672	174,958	136,794	(38,164)
Charges for services	69,659	64,909	77,984	13,075	-	-	-	-	69,659	64,909	77,984	13,075
Miscellaneous	84,028	83,407	125,220	41,813	-	-	-	-	84,028	83,407	125,220	41,813
Other	-	-	-	-	516,392	459,090	463,735	4,645	516,392	459,090	463,735	4,645
Bond proceeds	6,000	6,000	584	(5,416)	-	-	-	-	6,000	6,000	584	(5,416)
Fund balance released from restrictions	99,539	228,331	80,000	(148,331)	-	18,417	18,417	-	99,539	246,748	98,417	(148,331)
Interfund transfer-from lottery and games	63,175	63,175	54,967	(8,208)	-	-	-	-	63,175	63,175	54,967	(8,208)
Interfund transfer-others	4,527	55,188	66,048	10,860	-	-	-	-	4,527	55,188	66,048	10,860
Total Revenues and Sources	6,673,542	6,919,083	6,753,654	(165,429)	516,392	477,507	482,152	4,645	7,189,934	7,396,590	7,235,806	(160,784)
Expenditures and Uses:												
Governmental direction and support	602,554	620,480	597,194	23,286	51,377	36,082	26,055	10,027	653,931	656,562	623,249	33,313
Economic development and regulation	163,509	222,435	207,958	14,477	177,712	175,514	130,240	45,274	341,221	397,949	338,198	59,751
Public safety and justice	987,421	1,022,347	1,013,755	8,592	47,643	42,651	37,135	5,516	1,035,064	1,064,998	1,050,890	14,108
Public education system	1,703,915	1,525,195	1,517,583	7,612	20,510	17,746	9,755	7,991	1,724,425	1,542,941	1,527,338	15,603
Public education AY15 expenditure	-	210,520	210,520	-	-	-	-	-	-	210,520	210,520	-
Human support services	1,718,662	1,754,773	1,709,541	45,232	31,817	28,562	23,135	5,427	1,750,479	1,783,335	1,732,676	50,659
Public works	492,606	530,002	518,475	11,527	130,790	118,623	104,557	14,066	623,396	648,625	623,032	25,593
Workforce investments	59,442	4,305	-	4,305	-	-	-	-	59,442	4,305	-	4,305
Wilson building	4,495	4,495	3,926	569	-	-	-	-	4,495	4,495	3,926	569
Repay bonds and interest	519,354	503,179	497,173	6,006	4,728	4,728	4,728	-	524,082	507,907	501,901	6,006
Repay revenue bonds and interest	7,824	7,824	7,824	-	-	-	-	-	7,824	7,824	7,824	-
Bond fiscal charges	6,000	6,000	983	5,017	-	-	-	-	6,000	6,000	983	5,017
Interest on short term borrowing	3,675	3,675	943	2,732	-	-	-	-	3,675	3,675	943	2,732
Certificates of participation	24,619	24,619	22,623	1,996	-	-	-	-	24,619	24,619	22,623	1,996
Settlements and judgments fund	21,292	21,292	21,292	-	-	-	-	-	21,292	21,292	21,292	-
Convention center transfer	118,995	111,002	108,701	2,301	-	-	-	-	118,995	111,002	108,701	2,301
Highway trust transfer	21,780	22,962	22,962	-	18,526	18,526	18,526	-	40,306	41,488	41,488	-
TIF and pilot transfer	-	15,127	12,627	2,500	-	-	-	-	-	15,127	12,627	2,500
Operating lease-equipment	42,677	45,636	45,617	19	-	-	-	-	42,677	45,636	45,617	19
Emergency and contingency reserve	5,500	23,512	-	23,512	-	-	-	-	5,500	23,512	-	23,512
Pay-go capital	18,860	26,415	26,415	-	25,587	33,383	33,383	-	44,447	59,798	59,798	-
Schools modernization fund	11,863	11,863	11,863	-	-	-	-	-	11,863	11,863	11,863	-
District retiree health contribution	107,800	86,600	86,600	-	-	-	-	-	107,800	86,600	86,600	-
Non-departmental agency	3,000	-	-	-	7,702	1,692	-	1,692	10,702	1,692	-	1,692
Total Expenditures and Uses	6,645,843	6,804,258	6,644,575	159,683	516,392	477,507	387,514	89,993	7,162,235	7,281,765	7,032,089	249,676
Excess of Revenues and Sources Over Expenditures and Uses	$ 27,699	$ 114,825	$ 109,079	$ (5,746)	$ -	$ -	$ 94,638	$ 94,638	$ 27,699	$ 114,825	$ 203,717	$ 88,892

See Accompanying Independent Auditors' Report.

Exhibit A-6

GENERAL FUND
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES
Year Ended September 30, 2014
($000s)

	Original Budget	Revisions	Revised Budget	Actual	Variance (Actual To Original Budget)
Revenues and Sources:					
Taxes:					
Property	$ 2,013,926	$ 47,963	$ 2,061,889	$ 2,074,036	$ 60,110
Sales and use	1,244,868	6,449	1,251,317	1,244,440	(428)
Income and franchise	2,121,334	74,736	2,196,070	2,094,754	(26,580)
Other taxes	672,422	(12,017)	660,405	719,617	47,195
Total taxes	6,052,550	117,131	6,169,681	6,132,847	80,297
Licenses and permits	66,392	7,042	73,434	79,210	12,818
Fines and forfeits	227,672	(52,714)	174,958	136,794	(90,878)
Charges for services	69,659	(4,750)	64,909	77,984	8,325
Miscellaneous	84,028	(621)	83,407	125,220	41,192
Other	516,392	(57,302)	459,090	463,735	(52,657)
Bond proceeds	6,000	-	6,000	584	(5,416)
Fund balance released from restriction	99,539	147,209	246,748	98,417	(1,122)
Interfund transfer-from lottery and games	63,175	-	63,175	54,967	(8,208)
Interfund transfer-others	4,527	50,661	55,188	66,048	61,521
Total Revenues and Sources	7,189,934	206,656	7,396,590	7,235,806	45,872
Expenditures and Uses:					
Governmental direction and support	653,931	2,631	656,562	623,249	30,682
Economic development and regulation	341,221	56,728	397,949	338,198	3,023
Public safety and justice	1,035,064	29,934	1,064,998	1,050,890	(15,826)
Public education system	1,724,425	(181,484)	1,542,941	1,527,338	197,087
Public education AY15 expenditure	-	210,520	210,520	210,520	(210,520)
Human support services	1,750,479	32,856	1,783,335	1,732,676	17,803
Public works	623,396	25,229	648,625	623,032	364
Workforce investments	59,442	(55,137)	4,305	-	59,442
Wilson building	4,495	-	4,495	3,926	569
Repay bonds and interest	524,082	(16,175)	507,907	501,901	22,181
Repay revenue bonds and interest	7,824	-	7,824	7,824	-
Bond fiscal charges	6,000	-	6,000	983	5,017
Interest on short term borrowing	3,675	-	3,675	943	2,732
Certificates of participation	24,619	-	24,619	22,623	1,996
Settlements and judgments fund	21,292	-	21,292	21,292	-
Convention center transfer	118,995	(7,993)	111,002	108,701	10,294
Highway trust transfer	40,306	1,182	41,488	41,488	(1,182)
TIF and pilot transfer	-	15,127	15,127	12,627	(12,627)
Operating lease-equipment	42,677	2,959	45,636	45,617	(2,940)
Emergency and contingency reserve	5,500	18,012	23,512	-	5,500
Pay-go capital	44,447	15,351	59,798	59,798	(15,351)
Schools modernization fund	11,863	-	11,863	11,863	-
District retiree health contribution	107,800	(21,200)	86,600	86,600	21,200
Non-departmental agency	10,702	(9,010)	1,692	-	10,702
Total Expenditures and Uses	7,162,235	119,530	7,281,765	7,032,089	130,146
Excess of Revenues and Sources Over Expenditures and Uses	$ 27,699	$ 87,126	$ 114,825	$ 203,717	$ 176,018

See Accompanying Independent Auditors' Report.

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NONMAJOR GOVERNMENTAL FUNDS
(Combining Statements)

Special Revenue Funds

The **Tax Increment Financing (TIF) Program Fund** is used to account for activities relating to various TIF development initiatives. These activities support new economic development projects.

The **Tobacco Settlement Financing Corporation (TSFC) Fund** is used to account for the tobacco litigation settlement activities of the District of Columbia.

The **PILOT Special Revenue Fund** is used to account for the proceeds of PILOT revenue to finance the development costs associated with various District development projects.

The **Baseball Special Revenue Fund** is used to account for the proceeds of baseball related revenue sources that are legally restricted to expenditures for baseball project purposes.

Debt Service Fund

The **Debt Service Fund** is used to account for the payment of ballpark revenue bonds.

Capital Project Fund

The **Highway Trust Fund** is used to account for the motor vehicle fuel taxes and other fees collected and used by the District for highway projects.

Exhibit B-1

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2014
(With Comparative Totals at September 30, 2013)
($000s)

	Special Revenue Funds					Capital Project Fund	Totals	
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT Special Revenue	Baseball Project	Debt Service Fund	Highway Trust	2014	2013
ASSETS								
Current Assets:								
Receivables (net of allowances for uncollectibles):								
Taxes	$ -	$ -	$ -	$ 1,040	$ -	$ 1,836	$ 2,876	$ 3,760
Accounts	17	28,672	-	-	-	2,856	31,545	32,519
Due from other District entities	-	-	-	665	-	-	665	665
Interfund	4,939	-	773	3,421	-	611	9,744	20,700
Other current assets	-	34	-	-	-	-	34	30
Restricted cash and cash equivalents	57,851	53,990	24,057	85,152	-	61,180	282,230	265,429
Restricted investments	-	-	11,154	-	-	-	11,154	11,155
Total assets	$ 62,807	$ 82,696	$ 35,984	$ 90,278	$ -	$ 66,483	$ 338,248	$ 334,258
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE								
Current Liabilities:								
Payables:								
Accounts	$ 1,889	$ -	$ -	$ -	$ -	$ 4,438	6,327	$ 10,087
Compensation payable	-	-	-	-	-	153	153	163
Due to other funds	-	-	-	17,934	-	-	17,934	16,797
Due to other District entities	1,384	-	-	-	-	-	1,384	-
Other current liabilities	-	-	-	1	-	184	185	1
Accrued liabilities	-	138	-	399	-	-	537	737
Total liabilities	3,273	138	-	18,334	-	4,775	26,520	27,785
Deferred Inflow of Resources:								
Unavailable revenues	-	-	-	736	-	-	736	1,136
Fund Balance:								
Restricted	59,534	82,558	35,984	71,208	-	61,708	310,992	305,337
Total fund balances	59,534	82,558	35,984	71,208	-	61,708	310,992	305,337
Total liabilities, deferred inflow of resources and fund balances	$ 62,807	$ 82,696	$ 35,984	$ 90,278	$ -	$ 66,483	$ 338,248	$ 334,258

See Accompanying Independent Auditors' Report.

Exhibit B-2

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)
($000s)

	Special Revenue Funds					Capital Project Fund	Totals	
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT Special Revenue	Baseball Project	Debt Service Fund	Highway Trust	2014	2013
Revenues:								
Property taxes	$ 16,202	$ -	$ 13,933	$ -	$ -	$ -	$ 30,135	$ 27,986
Sales and use taxes	21,239	-	-	16,319	-	-	37,558	52,914
Gross receipts taxes	-	-	-	44,908	-	-	44,908	40,120
Interest	32	2,183	633	69	-	101	3,018	3,076
Tobacco settlement revenue	-	37,787	-	-	-	-	37,787	57,937
Other	-	-	17,055	5,600	-	-	22,655	18,047
Total revenues	37,473	39,970	31,621	66,896	-	101	176,061	200,080
Expenditures:								
Governmental direction and support	31,905	238	11,958	1,828	-	-	45,929	20,971
Capital outlay	-	-	-	-	-	26,632	26,632	36,379
Bond principal payment	3,973	16,165	12,177	-	27,835	-	60,150	56,668
Interest	6,719	26,279	3,389	-	25,769	-	62,156	64,860
Fiscal charges	-	-	1	-	-	-	1	277
Total expenditures	42,597	42,682	27,525	1,828	53,604	26,632	194,868	179,155
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,124)	(2,712)	4,096	65,068	(53,604)	(26,531)	(18,807)	20,925
Other Financing Sources (Uses):								
Refunding debt issuance	-	-	-	-	-	-	-	25,005
Premium on sale of bonds	-	-	-	-	-	-	-	4,057
Payment to refunded bond escrow agent:	-	-	-	-	-	-	-	(28,929)
Transfers in	12,627	-	-	-	53,604	41,488	107,719	66,866
Transfers out	(6,988)	-	(4,731)	(71,538)	-	-	(83,257)	(68,929)
Total other financing sources (uses)	5,639	-	(4,731)	(71,538)	53,604	41,488	24,462	(1,930)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	515	(2,712)	(635)	(6,470)	-	14,957	5,655	18,995
Fund Balances at October 1	59,019	85,270	36,619	77,678	-	46,751	305,337	286,342
Fund Balances at September 30	$ 59,534	$ 82,558	$ 35,984	$ 71,208	$ -	$ 61,708	$ 310,992	$ 305,337

See Accompanying Independent Auditors' Report.

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FIDUCIARY FUNDS
(Combining Statements)

The Fiduciary Funds are used to account for assets held by the District in a trustee or agency capacity. These assets cannot be used to support the District's programs.

The **Pension Trust Funds** are used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for police officers, fire fighters and public school teachers of the District. Resources are contributed by employees and by the District and federal government at amounts determined by an annual actuarial study. The funds are administered by a thirteen member Retirement Board. Three of these members are appointed by the Mayor and three by the Council. The other members include one each active and retired police officers, fire fighters, and teachers. The administrative costs of the board are accounted for in the funds.

The **Other Post Employment Benefit (OPEB) Trust Fund** is used to account for the receipt of monies for post-employment healthcare and life insurance benefits provided under the Post-Retirement Health and Life Insurance Benefit Plan. Annual District contributions are actuarially determined and paid accordingly. No employee contributions are required prior to retirement to fund the OPEB plan; however, retirees make contributions as required by the associated substantive plan.

The **Agency Funds** are used to account for refundable deposits required of various licensees, monies held in escrow as an agent for individuals, private organizations or other governments.

Exhibit C-1

PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
September 30, 2014
(With Comparative Totals at September 30, 2013)
($000s)

	Pension Trust Funds		Other Postemployment Benefits (OPEB)	Totals	
	Police & Fire	**Teachers**	**Trust Fund**	**2014**	**2013**
ASSETS					
Current Assets:					
Cash and cash equivalents - restricted	$ 20,164	$ 7,236	$ 124,388	$ 151,788	$ 247,921
Investments - restricted	4,546,197	1,729,571	941,972	7,217,740	6,548,614
Collateral from securities lending transactions	18,097	6,885	-	24,982	83,478
Receivables:					
Due from federal government	1,009	393	-	1,402	1,170
Benefit contributions	2,800	1,949	-	4,749	3,580
Other current assets	108,076	41,116	22,954	172,146	99,476
Total assets	**4,696,343**	**1,787,150**	**1,089,314**	**7,572,807**	**6,984,239**
LIABILITIES					
Current Liabilities:					
Accounts payable	3,561	1,367	37,955	42,883	65,251
Securities lending	18,354	6,982	-	25,336	84,142
Due to other funds	1,062	414	-	1,476	388
Other current liabilities	85,237	32,426	-	117,663	145,811
Total liabilities	**108,214**	**41,189**	**37,955**	**187,358**	**295,592**
NET POSITION					
Net Position					
Held in trust for pension and OPEB benefits	**$ 4,588,129**	**$ 1,745,961**	**$ 1,051,359**	**$ 7,385,449**	**$ 6,688,647**

See Accompanying Independent Auditors' Report.

Exhibit C-2

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)
($000s)

	Pension Trust Funds		Other Postemployment Benefit Trust Fund (OPEB)	Totals	
	Police & Fire	Teachers		2014	2013
Additions:					
Benefit contributions:					
Employer	$ 110,766	$ 31,636	$ 86,600	$ 229,002	$ 210,521
Plan members	32,821	28,751	303	61,875	58,999
Investment income:					
From investment activities					
Net appreciation in fair value of investments	254,518	99,689	59,224	413,431	639,127
Other revenue	-	-	239	239	2,843
Interest and dividends	94,002	36,145	17,609	147,756	64,124
Less - investment expenses	(9,830)	(3,826)	(5,339)	(18,995)	(11,157)
Net income from investing activities	338,690	132,008	71,733	542,431	694,937
From securities lending activities					
Securities lending income	267	102	-	369	701
Less: securities lending expenses	(63)	(24)	-	(87)	(196)
Net income from securities lending activities	204	78	-	282	505
Total net investment income	338,894	132,086	71,733	542,713	695,442
Other Income	1,342	522	-	1,864	-
Total additions	483,823	192,995	158,636	835,454	964,962
Deductions:					
Benefit payments	54,421	65,622	4,729	124,772	142,247
Administrative expenses	9,730	3,787	363	13,880	12,752
Total deductions	64,151	69,409	5,092	138,652	154,999
Change in net position	419,672	123,586	153,544	696,802	809,963
Net position held in trust for pension and OPEB benefits:					
October 1	4,168,457	1,622,375	897,815	6,688,647	5,878,684
September 30	$ 4,588,129	$ 1,745,961	$ 1,051,359	$ 7,385,449	$ 6,688,647

See Accompanying Independent Auditors' Report.

Exhibit C-3

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended September 30, 2014
($000s)

	Balance October 1 2013	Additions	Deductions	Balance September 30 2014
ASSETS				
Cash and cash equivalents - restricted	$ 42,095	$ 139,810	$ 100,909	$ 80,996
Other receivables	26,634	168	21,804	4,998
Total assets	$ 68,729	$ 139,978	$ 122,713	$ 85,994
LIABILITIES				
Accounts payable	$ 1,024	$ 219	$ 346	$ 897
Due to component units	-	529	281	248
Due to other funds	-	111	-	111
Other current liabilities	67,705	66,839	49,806	84,738
Total liabilities	$ 68,729	$ 67,698	$ 50,433	$ 85,994

See Accompanying Independent Auditors' Report.

SUPPORTING SCHEDULES

Supporting schedules are financial presentations used to aggregate and present in greater detail information contained in the financial statements and to present additional information not disclosed in the basic financial statements.

Exhibit D-1

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
Year Ended September 30, 2014
($000s)

	Budget Original	Budget Revised	Actual	Variance
Governmental direction and support:				
Council of the district of columbia	$ 20,957	$ 19,905	$ 19,901	$ 4
Office of the d.c. auditor	4,276	3,777	3,763	14
Advisory neighborhood commissions	902	909	861	48
Office of the mayor	11,403	11,781	11,420	361
Office of the secretary	3,266	3,988	3,732	256
Office of the inspector general	15,948	15,802	15,042	760
Captive insurance agency	1,802	977	929	48
City administrator	4,688	5,131	3,238	1,893
DC dept of human resources	7,701	9,312	8,898	414
The innovation fund	15,000	15,000	15,000	-
Office of finance & resource mgmt	19,665	20,141	19,192	949
Department of general services	266,162	269,126	253,148	15,978
Office of contracting & procurement	11,731	12,994	12,145	849
Contract appeals board	1,059	1,090	1,068	22
Office of the chief financial officer	131,130	122,478	122,159	319
Office of the attorney general	83,351	81,368	78,396	2,972
Office of risk management	2,946	3,015	2,314	701
Office of disability rights	1,755	1,549	1,462	87
Uniform law commission	50	50	44	6
Office of chief technology officer	65,156	68,339	61,024	7,315
Board of elections	6,615	11,078	7,483	3,595
Office of campaign finance	2,629	2,704	2,593	111
Public employee relations board	1,162	1,193	1,163	30
Office of employee appeals	1,480	1,521	1,465	56
Metropolitan wash council of governments	428	428	428	-
Tax revision commission	200	405	368	37
DC board of ethics & accountability	1,315	1,419	1,377	42
Section 103	-	910	910	-
Total governmental direction and support	**682,777**	**686,390**	**649,523**	**36,867**
Economic development and regulation:				
Deputy mayor for planning & economic development	35,527	45,186	36,225	8,961
Office of local business development	8,155	8,528	8,190	338
Office of planning	7,053	11,947	10,727	1,220
Office of zoning	2,628	2,688	2,666	22
Dept of housing and community development	61,496	44,168	42,556	1,612
Office of motion picture and television development	5,160	969	883	86
Department of employment services	144,412	132,777	99,057	33,720
Real property tax appeals	1,684	1,720	1,423	297
Dept of consumer and regulatory affairs	39,476	39,251	34,890	4,361
Alcoholic beverage regulation administration	7,565	6,371	5,586	785
Office of cable tv	8,464	8,064	5,684	2,380
Commission on arts & humanities	11,753	16,094	15,595	499
Housing authority subsidy	38,963	38,963	34,934	4,029
Business improvement districts transfer	23,000	24,750	22,343	2,407
Housing production trust fund subsidy	-	38,966	38,966	-
Office of tenant advocate	2,132	2,400	2,266	134
Public service commission	11,951	11,925	11,496	429
Insurance regulation	21,662	21,251	17,858	3,393
Office of people's counsel	6,566	6,557	6,087	470
Section 103	-	3,798	3,798	-
Total economic development and regulation	**437,647**	**466,373**	**401,230**	**65,143**
Public safety and justice:				
Metropolitan police department	486,140	505,206	500,579	4,627
Fire and emergency medical services	201,080	218,623	218,185	438
Police and firefighter retirement system	110,766	110,766	109,199	1,567
Office of administrative hearings	8,292	8,041	7,254	787
Criminal justice coordinating council	2,316	4,100	2,823	1,277
Department of corrections	139,952	140,245	135,314	4,931
Chief medical officer	8,790	9,003	8,392	611
DC national guard	10,565	9,220	8,803	417
Homeland security & emergency agency	93,893	108,233	80,567	27,666
Commission on judicial disabilities and tenure	295	317	298	19
Judicial nomination commission	270	276	239	37
Office of police complaints	2,110	2,170	2,080	90
Office of unified communications	43,753	39,624	37,792	1,832
Section 103 judgments	-	421	421	-
Advisory commission on sentencing	1,407	1,439	1,267	172
Office of deputy mayor for public safety and justice	25,322	23,353	22,230	1,123
Dept of forensic sciences	12,821	13,084	11,950	1,134
Total public safety and justice	**1,147,772**	**1,194,121**	**1,147,393**	**46,728**

(Continued)

Exhibit D-1

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
Year Ended September 30, 2014
($000s)

	Budget			
	Original	**Revised**	**Actual**	**Variance**
Public education system:				
District of columbia public schools	705,268	707,473	694,940	12,533
AY15 public school advance appropriations		9,237	9,237	-
Public charter schools	616,499	426,696	426,696	-
AY15 public charter school advance appropriations		201,283	201,283	-
Teachers' retirement fund	31,636	31,636	31,573	63
University of the district of columbia	66,691	66,691	66,691	-
State superintendent of education	404,563	408,967	362,373	46,594
DC state board of education	866	894	820	74
DC public library	53,480	54,684	54,313	371
DC public charter school board	4,209	4,209	1,159	3,050
Special education transportation	86,688	87,203	86,052	1,151
Non-public tuition	79,868	77,415	77,413	2
Deputy mayor for education	1,826	2,008	1,860	148
Total public education system	**2,051,594**	**2,078,396**	**2,014,410**	**63,986**
Human support services:				
Department of human services	380,322	349,694	348,016	1,678
Department of health	219,447	214,731	198,782	15,949
Department of parks and recreation	37,050	40,884	36,979	3,905
DC office on aging	33,312	36,220	35,210	1,010
Unemployment compensation fund	6,887	6,887	6,620	267
Employees' compensation fund	20,022	21,330	21,330	-
Office of human rights	2,902	3,022	3,022	-
Office on latino affairs	2,695	2,719	2,697	22
Children investment trust	3,000	11,400	11,400	-
Child and family services	226,858	230,009	222,193	7,816
Section 103	-	147	147	-
Dept of behavioral health	231,327	231,337	229,314	2,023
Asian and pacific islander affairs	785	886	867	19
Office of veteran affairs	391	451	406	45
Depart of youth rehab services	104,890	106,128	99,826	6,302
Department on disability services	95,544	99,578	96,433	3,145
Department of health care finance	2,724,624	2,841,659	2,594,746	246,913
Deputy mayor for health and human services	1,945	1,210	1,126	84
Not-for-profit hospital corp	-	14,841	14,841	-
Total human support services	**4,092,001**	**4,213,133**	**3,923,955**	**289,178**
Public works:				
Department of public works	119,265	138,616	137,388	1,228
Department of transportation	97,058	95,678	87,583	8,095
Taxi cab commission	4,000	4,804	4,216	588
Department of motor vehicles	36,603	37,663	35,061	2,602
Washington metro area transit commission	126	126	126	-
Mass transit subsidies	301,088	313,617	309,436	4,181
District depart. of environment	95,801	84,106	75,063	9,043
Total public works	**653,941**	**674,610**	**648,873**	**25,737**
Other:				
Repayment of loans and interest	524,082	526,513	520,507	6,006
Bond fiscal charges paid from bond proceeds	6,000	6,000	983	5,017
Repayment of interest on short-term borrowing	3,675	3,675	943	2,732
Settlements and judgments fund	21,292	21,292	21,292	-
Wilson building	4,495	4,495	3,926	569
Schools modernization fund	11,863	11,863	11,863	-
District retiree health contribution	107,800	86,600	86,600	-
Repayment of revenue bonds	7,824	7,824	7,824	-
Certificate of participation	24,619	24,619	22,623	1,996
Convention center transfer dedicated taxes	118,995	111,002	108,701	2,301
Highway trust fund transfer	40,306	41,488	41,488	-
TIF and pilot transfer	-	15,127	12,627	2,500
Emergency planning and security fund	14,880	27,350	7,584	19,766
Workforce investments	59,442	4,305	-	4,305
Operating lease-equipment	42,677	45,636	45,617	19
Emergency and contingency reserve funds	5,500	23,512	-	23,512
Pay-go capital	44,447	59,798	59,798	-
Non-departmental	10,702	1,692	-	1,692
DC retirement board	30,338	30,338	-	30,338
Housing finance agency	9,689	9,689	-	9,689
Total other	**1,088,626**	**1,062,818**	**952,376**	**110,442**
Total	**$ 10,154,358**	**$ 10,375,841**	**$ 9,737,760**	**$ 638,081**

See Accompanying Independent Auditors' Report.

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2014
($000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support:								
Council of the district of columbia	$ 20,957	$ 19,745	$ 19,745	$ -	$ -	$ -	$ -	$ -
Office of the d.c. auditor	4,276	3,777	3,763	14	-	-	-	-
Advisory neighborhood commissions	902	909	861	48	-	-	-	-
Office of the mayor	8,353	8,640	8,283	357	3,050	3,115	3,111	4
Office of the secretary	2,266	2,617	2,487	130	-	-	-	-
Office of the inspector general	13,465	13,771	13,010	761	2,483	2,032	2,032	-
Captive insurance agency	1,753	929	929	-	-	-	-	-
City administrator	3,383	3,601	3,170	431	-	-	-	-
DC dept of human resources	7,415	8,888	8,495	393	-	-	-	-
The innovation fund	15,000	15,000	15,000	-	-	-	-	-
Office of finance & resource mgmt	19,665	19,791	19,091	700	-	-	-	-
Department of general services	260,032	264,326	248,468	15,858	-	-	-	-
Office of contracting & procurement	11,731	12,965	12,116	849	-	-	-	-
Contract appeals board	1,059	1,090	1,068	22	-	-	-	-
Office of the chief financial officer	106,743	109,099	108,865	234	-	421	421	-
Office of the attorney general	59,972	61,535	59,813	1,722	21,234	17,616	17,616	-
Office of risk management	2,946	3,015	2,314	701	-	-	-	-
Office of disability rights	980	1,004	916	88	775	545	545	-
Uniform law commission	50	50	44	6	-	-	-	-
Office of chief technology officer	47,837	54,126	53,499	627	985	1,306	1,249	57
Board of elections	6,615	7,082	6,976	106	-	3,996	506	3,490
Office of campaign finance	2,629	2,704	2,593	111	-	-	-	-
Public employee relations board	1,162	1,193	1,163	30	-	-	-	-
Office of employee appeals	1,480	1,521	1,465	56	-	-	-	-
Metropolitan wash council of governments	428	428	428	-	-	-	-	-
Tax revision commission	200	405	368	37	-	-	-	-
DC board of ethics & accountability	1,255	1,359	1,354	5	-	-	-	-
Section 103	-	910	910	-	-	-	-	-
Total governmental direction and support	602,554	620,480	597,194	23,286	28,527	29,031	25,480	3,551
Economic development and regulation:								
Deputy mayor for planning & economic developmt	13,328	20,052	18,266	1,786	1,800	735	735	-
Office of local business development	7,464	8,072	7,734	338	691	456	456	-
Office of planning	6,481	10,604	10,013	591	522	1,191	592	599
Office of zoning	2,628	2,688	2,666	22	-	-	-	-
Dept of housing and community development	11,054	11,915	11,569	346	40,821	28,821	27,881	940
Office of motion picture and television development	5,065	890	812	78	-	-	-	-
Department of employment services	48,162	51,351	46,058	5,293	48,551	33,726	31,568	2,158
Real property tax appeals	1,684	1,720	1,423	297	-	-	-	-
Dept of consumer and regulatory affairs	14,571	14,680	13,978	702	-	-	-	-
Alcoholic beverage regulation administration	1,170	1,193	540	653	-	-	-	-
Office of cable tv	-	-	-	-	-	-	-	-
Commission on arts & humanities	10,807	15,143	14,935	208	746	752	660	92
Housing authority subsidy	38,963	38,963	34,934	4,029	-	-	-	-
Business improvement districts transfer	-	-	-	-	-	-	-	-
Housing production trust fund subsidy	-	38,966	38,966	-	-	-	-	-
Office of tenant advocate	2,132	2,400	2,266	134	-	-	-	-
Public service commission	-	-	-	-	319	281	207	74
Insurance regulation	-	-	-	-	2,414	1,858	723	1,135
Office of people's counsel	-	-	-	-	-	-	-	-
Section 103	-	3,798	3,798	-	-	-	-	-
Total economic development and regulation	163,509	222,435	207,958	14,477	95,864	67,820	62,822	4,998
Public safety and justice:								
Metropolitan police department	476,289	491,520	490,703	817	2,858	7,305	4,695	2,610
Fire and emergency medical services	197,951	215,700	215,284	416	1,608	1,402	1,380	22
Police and firefighter retirement system	110,766	110,766	109,199	1,567	-	-	-	-
Office of administrative hearings	8,232	7,963	7,183	780	60	78	72	6
Criminal justice coordinating council	516	522	435	87	1,800	3,577	2,388	1,189
Department of corrections	118,803	117,339	114,521	2,818	-	-	-	-
Chief medical officer	8,790	9,003	8,392	611	-	-	-	-
DC national guard	2,941	3,994	3,898	96	7,624	5,226	4,905	321
Homeland security & emergency agency	2,027	2,075	2,067	8	91,866	106,158	78,500	27,658
Commission on judicial disabilities and tenure	-	-	-	-	295	317	298	19
Judicial nomination commission	65	65	59	6	205	211	181	30
Office of police complaints	2,110	2,169	2,080	89	-	-	-	-
Office of unified communications	27,350	28,097	28,042	55	-	-	-	-
Section 103 judgments	-	421	421	-	-	-	-	-
Advisory commission on sentencing	1,407	1,439	1,267	172	-	-	-	-
Office of deputy mayor for public safety and justice	17,783	18,628	18,348	280	5,961	4,296	3,876	420
Dept of forensic sciences	12,391	12,646	11,856	790	431	439	94	345
Total public safety and justice	987,421	1,022,347	1,013,755	8,592	112,708	129,009	96,389	32,620

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2014
($000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support:								
Council of the district of columbia	$ -	$ 160	$ 157	$ 3	$ -	$ -	$ -	$ -
Office of the d.c. auditor	-	-	-	-	-	-	-	-
Advisory neighborhood commissions	-	-	-	-	-	-	-	-
Office of the mayor	-	26	26	-	-	-	-	-
Office of the secretary	-	21	21	-	1,000	1,350	1,224	126
Office of the inspector general	-	-	-	-	-	-	-	-
Captive insurance agency	-	-	-	-	49	49	-	49
City administrator	-	-	-	-	1,305	1,530	69	1,461
DC dept of human resources	-	-	-	-	286	425	403	22
The innovation fund	-	-	-	-	-	-	-	-
Office of finance & resource mgmt	-	-	-	-	-	350	101	249
Department of general services	-	200	200	-	6,129	4,599	4,480	119
Office of contracting & procurement	-	-	-	-	-	29	29	-
Contract appeals board	-	-	-	-	-	-	-	-
Office of the chief financial officer	-	-	-	-	24,387	12,957	12,873	84
Office of the attorney general	319	390	390	-	1,827	1,827	577	1,250
Office of risk management	-	-	-	-	-	-	-	-
Office of disability rights	-	-	-	-	-	-	-	-
Uniform law commission	-	-	-	-	-	-	-	-
Office of chief technology officer	-	-	-	-	16,334	12,906	6,276	6,630
Board of elections	-	-	-	-	-	-	-	-
Office of campaign finance	-	-	-	-	-	-	-	-
Public employee relations board	-	-	-	-	-	-	-	-
Office of employee appeals	-	-	-	-	-	-	-	-
Metropolitan wash council of governments	-	-	-	-	-	-	-	-
Tax revision commission	-	-	-	-	-	-	-	-
DC board of ethics & accountability	-	-	-	-	60	60	23	37
Secton 103	-	-	-	-	-	-	-	-
Total governmental direction and support	319	797	794	3	51,377	36,082	26,055	10,027
Economic development and regulation:								
Deputy mayor for planning & economic developmt	-	-	-	-	20,400	24,400	17,224	7,176
Office of local business development	-	-	-	-	-	-	-	-
Office of planning	-	42	42	-	50	109	80	29
Office of zoning	-	-	-	-	-	-	-	-
Dept of housing and community development	-	-	-	-	9,621	3,432	3,106	326
Office of motion picture and television development	-	-	-	-	95	80	71	9
Department of employment services	80	80	-	80	47,618	47,618	21,430	26,188
Real property tax appeals	-	-	-	-	-	-	-	-
Dept of consumer and regulatory affairs	-	-	-	-	24,905	24,570	20,912	3,658
Alcoholic beverage regulation administration	-	-	-	-	6,395	5,179	5,045	134
Office of cable tv	-	-	-	-	8,464	8,064	5,684	2,380
Commission on arts & humanities	-	-	-	-	200	200	-	200
Housing authority subsidy	-	-	-	-	-	-	-	-
Business improvement districts transfer	-	-	-	-	23,000	24,750	22,343	2,407
Housing production trust fund subsidy	-	-	-	-	-	-	-	-
Office of tenant advocate	-	-	-	-	-	-	-	-
Public service commission	20	20	12	8	11,612	11,624	11,278	346
Insurance regulation	462	462	156	306	18,786	18,931	16,980	1,951
Office of people's counsel	-	-	-	-	6,566	6,557	6,087	470
Section 103	-	-	-	-	-	-	-	-
Total economic development and regulation	562	604	210	394	177,712	175,514	130,240	45,274
Public safety and justice:								
Metropolitan police department	-	108	108	-	6,993	6,273	5,073	1,200
Fire and emergency medical services	-	-	-	-	1,520	1,520	1,520	-
Police and firefighter retirement system	-	-	-	-	-	-	-	-
Office of administrative hearings	-	-	-	-	-	-	-	-
Criminal justice coordinating council	-	-	-	-	-	-	-	-
Department of corrections	-	-	-	-	21,150	22,907	20,792	2,115
Chief medical officer	-	-	-	-	-	-	-	-
DC national guard	-	-	-	-	-	-	-	-
Homeland security & emergency agency	-	-	-	-	-	-	-	-
Commission on judicial disabilities and tenure	-	-	-	-	-	-	-	-
Judicial nomination commission	-	-	-	-	-	-	-	-
Office of police complaints	-	1	1	-	-	-	-	-
Office of unified communications	-	-	-	-	16,403	11,528	9,750	1,778
Section 103 judgments	-	-	-	-	-	-	-	-
Advisory commission on sentencing	-	-	-	-	-	-	-	-
Office of deputy mayor for public safety and justice	-	5	5	-	1,577	423	-	423
Dept of forensic sciences	-	-	-	-	-	-	-	-
Total public safety and justice	-	114	114	-	47,643	42,651	37,135	5,516

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2014
($000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public education system:								
District of columbia public schools	644,437	644,580	644,563	17	44,678	43,200	36,359	6,841
AY15 public school advance appropriations		9,237	9,237	-		-	-	-
Public charter schools	616,499	426,696	426,696	-	-	-	-	-
AY15 public charter school advance appropriations		201,283	201,283	-		-	-	-
Teachers' retirement fund	31,636	31,636	31,573	63	-	-	-	-
University of the district of columbia	66,691	66,691	66,691	-	-	-	-	-
State superintendent of education	122,143	133,473	127,661	5,812	276,481	274,947	234,486	40,461
DC state board of education	866	866	820	46	-	-	-	-
DC public library	52,100	53,466	53,095	371	840	913	912	1
DC public charter school board	1,161	1,161	1,159	2	-	-	-	-
Special education transportation	86,688	87,203	86,052	1,151	-	-	-	-
Non-public tuition	79,868	77,415	77,413	2	-	-	-	-
Deputy mayor for education	1,826	2,008	1,860	148	-	-	-	-
Total public education system	1,703,915	1,735,715	1,728,103	7,612	321,999	319,060	271,757	47,303
Human support services:								
Department of human services	213,684	216,385	216,068	317	165,437	133,146	131,786	1,360
Department of health	69,402	69,533	67,584	1,949	137,717	133,641	120,288	13,353
Department of parks and recreation	34,850	36,582	34,593	1,989	-	-	-	-
DC office on aging	25,957	28,757	27,884	873	7,356	7,463	7,325	138
Unemployment compensation fund	6,887	6,887	6,620	267	-	-	-	-
Employees' compensation fund	20,021	21,330	21,330	-	-	-	-	-
Office of human rights	2,595	2,710	2,710	-	307	312	312	-
Office on latino affairs	2,695	2,719	2,697	22	-	-	-	-
Children investment trust	3,000	11,400	11,400	-	-	-	-	-
Child and family services	170,893	164,576	156,889	7,687	54,721	64,145	64,058	87
Section 103	-	147	147	-	-	-	-	-
Dept of mental health	204,830	207,502	205,866	1,636	22,640	20,295	20,253	42
Asian and pacific islander affairs	785	802	783	19	-	-	-	-
Office of veteran affairs	386	446	406	40	-	-	-	-
Depart of youth rehab services	104,890	106,128	99,826	6,302	-	-	-	-
Department on disability services	55,204	59,140	57,216	1,924	32,790	34,672	34,672	-
Department of health care finance	800,638	803,678	781,555	22,123	1,920,353	2,035,690	1,812,204	223,486
Deputy mayor for health and human services	1,945	1,210	1,126	84	-	-	-	-
Not-for-profit hospital corp	-	14,841	14,841	-	-	-	-	-
Total human support services	1,718,662	1,754,773	1,709,541	45,232	2,341,321	2,429,364	2,190,898	238,466
Public works:								
Department of public works	111,484	132,492	131,933	559	-	-	-	-
Department of transportation	76,713	79,723	74,187	5,536	3,956	4,061	4,060	1
Taxi cab commission	-	150	150	-	-	-	-	-
Department of motor vehicles	27,153	27,866	26,900	966	-	1,029	1,029	-
Washington metro area transit commission	126	126	126	-	-	-	-	-
Mass transit subsidies	259,930	271,977	267,795	4,182	-	-	-	-
District depart. of environment	17,200	17,668	17,384	284	25,979	20,351	20,208	143
Total public works	492,606	530,002	518,475	11,527	29,935	25,441	25,297	144
Other:								
Repayment of loans and interest	519,354	503,179	497,173	6,006	-	18,606	18,606	-
Bond fiscal charges paid from bond proceeds	6,000	6,000	983	5,017	-	-	-	-
Repayment of interest on short-term borrowing	3,675	3,675	943	2,732	-	-	-	-
Settlements and judgments fund	21,292	21,292	21,292	-	-	-	-	-
Wilson building	4,495	4,495	3,926	569	-	-	-	-
Schools modernization fund	11,863	11,863	11,863	-	-	-	-	-
District retiree health contribution	107,800	86,600	86,600	-	-	-	-	-
Repayment of revenue bonds	7,824	7,824	7,824	-	-	-	-	-
Certificate of participation	24,619	24,619	22,623	1,996	-	-	-	-
Convention center transfer-dedicated taxes	118,995	111,002	108,701	2,301	-	-	-	-
Highway trust fund transfer	21,780	22,962	22,962	-	-	-	-	-
TIF and pilot transfer	-	15,127	12,627	2,500	-	-	-	-
Emergency planning and security fund	-	-	-	-	14,880	27,350	7,584	19,766
Workforce investments	59,442	4,305	-	4,305	-	-	-	-
Operating lease-equipment	42,677	45,636	45,617	19	-	-	-	-
Emergency and contingency reserve funds	5,500	23,512	-	23,512	-	-	-	-
Pay-go capital	18,860	26,415	26,415	-	-	-	-	-
Non-departmental	3,000	-	-	-	-	-	-	-
DC retirement board	-	-	-	-	-	-	-	-
Housing finance agency	-	-	-	-	-	-	-	-
Total other	977,176	918,506	869,549	48,957	14,880	45,956	26,190	19,766
Total	$ 6,645,843	$ 6,804,258	$ 6,644,575	$ 159,683	$ 2,945,234	$ 3,045,681	$ 2,698,833	$ 346,848

See Accompanying Independent Auditors' Report.

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2014
($000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public education system:								
District of columbia public schools	5,062	5,758	4,706	1,052	11,090	13,934	9,313	4,621
AY15 public school advance appropriations		-	-	-		-	-	-
Public charter schools	-	-	-	-	-	-	-	-
AY15 public charter school advance appropriations		-	-	-		-	-	-
Teachers' retirement fund	-	-	-	-	-	-	-	-
University of the district of columbia	-	-	-	-	-	-	-	-
State superintendent of education	108	89	89	-	5,832	459	137	322
DC state board of education	-	28	-	28	-	-	-	-
DC public library	-	-	-	-	540	305	305	-
DC public charter school board	-	-	-	-	3,048	3,048	-	3,048
Special education transportation	-	-	-	-	-	-	-	-
Non-public tuition	-	-	-	-	-	-	-	-
Deputy mayor for education	-	-	-	-	-	-	-	-
Total public education system	5,170	5,875	4,795	1,080	20,510	17,746	9,755	7,991
Human support services:								
Department of human services	-	-	-	-	1,200	163	163	-
Department of health	-	83	81	2	12,328	11,473	10,829	644
Department of parks and recreation	-	11	11	-	2,200	4,290	2,374	1,916
DC office on aging	-	-	-	-	-	-	-	-
Unemployment compensation fund	-	-	-	-	-	-	-	-
Employees' compensation fund	-	-	-	-	-	-	-	-
Office of human rights	-	-	-	-	-	-	-	-
Office on latino affairs	-	-	-	-	-	-	-	-
Children investment trust	-	-	-	-	-	-	-	-
Child and family services	44	90	47	43	1,200	1,200	1,200	-
Section 103	-	-	-	-	-	-	-	-
Dept of mental health	157	214	214	-	3,700	3,325	2,981	344
Asian and pacific islander affairs	-	-	-	-	-	84	84	-
Office of veteran affairs	-	-	-	-	5	5	-	5
Depart of youth rehab services	-	-	-	-	-	-	-	-
Department on disability services	-	-	-	-	7,550	5,766	4,545	1,221
Department of health care finance	-	36	28	8	3,634	2,256	959	1,297
Deputy mayor for health and human services	-	-	-	-	-	-	-	-
Not-for-profit hospital corp	-	-	-	-	-	-	-	-
Total human support services	201	434	381	53	31,817	28,562	23,135	5,427
Public works:								
Department of public works	-	-	-	-	7,780	6,124	5,456	668
Department of transportation	-	-	-	-	16,389	11,894	9,336	2,558
Taxi cab commission	-	-	-	-	4,000	4,653	4,066	587
Department of motor vehicles	-	-	-	-	9,450	8,768	7,131	1,637
Washington metro area transit commission	-	-	-	-	-	-	-	-
Mass transit subsidies	-	-	-	-	41,159	41,641	41,641	-
District depart. of environment	610	544	544	-	52,012	45,543	36,927	8,616
Total public works	610	544	544	-	130,790	118,623	104,557	14,066
Other:								
Repayment of loans and interest	-	-	-	-	4,728	4,728	4,728	-
Bond fiscal charges paid from bond proceeds	-	-	-	-	-	-	-	-
Repayment of interest on short-term borrowing	-	-	-	-	-	-	-	-
Settlements and judgments fund	-	-	-	-	-	-	-	-
Wilson building	-	-	-	-	-	-	-	-
Schools modernization fund	-	-	-	-	-	-	-	-
District retiree health contribution	-	-	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-	-	-
Certificate of participation	-	-	-	-	-	-	-	-
Convention center transfer-dedicated taxes	-	-	-	-	-	-	-	-
Highway trust fund transfer	-	-	-	-	18,526	18,526	18,526	-
TIF and pilot transfer	-	-	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-	-	-
Operating lease-equipment	-	-	-	-	-	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-	-	-
Pay-go capital	-	-	-	-	25,587	33,383	33,383	-
Non-departmental	-	-	-	-	7,702	1,692	-	1,692
DC retirement board	-	-	-	-	30,338	30,338	-	30,338
Housing finance agency	-	-	-	-	9,689	9,689	-	9,689
Total other	-	-	-	-	96,570	98,356	56,637	41,719
Total	$ 6,862	$ 8,368	$ 6,838	$ 1,530	$ 556,419	$ 517,534	$ 387,514	$ 130,020

See Accompanying Independent Auditors' Report.

Exhibit D-3

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2014
($000s)

	Local Source			Federal Resources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
Revenues and Sources:						
Taxes:						
Property taxes	$ 2,013,926	$ 47,963	$ 2,061,889	$ -	$ -	$ -
Sales and use taxes	1,244,868	6,449	1,251,317	-	-	-
Income taxes	2,121,334	74,736	2,196,070	-	-	-
Other taxes	672,422	(12,017)	660,405	-	-	-
Total taxes	6,052,550	117,131	6,169,681	-	-	-
Licenses and permits	66,392	7,042	73,434	-	-	-
Fines and forfeits	227,672	(52,714)	174,958	-	-	-
Charges for services	69,659	(4,750)	64,909	-	-	-
Miscellaneous	84,028	(621)	83,407	-	-	-
Other	-	-	-	-	-	-
Federal contributions	-	-	-	84,555	10,220	94,775
Operating grant	-	-	-	2,860,679	84,584	2,945,263
Bond proceeds	6,000	-	6,000	-	-	-
Fund balance released from restrictions	99,539	128,792	228,331	-	5,643	5,643
Transfer in from lottery board	63,175	-	63,175	-	-	-
Transfer in-others	4,527	50,661	55,188	-	-	-
Total revenues and sources	**6,673,542**	**245,541**	**6,919,083**	**2,945,234**	**100,447**	**3,045,681**
Expenditures and Uses:						
Governmental direction and support	602,554	17,926	620,480	28,527	504	29,031
Economic development and regulation	163,509	58,926	222,435	95,864	(28,044)	67,820
Public safety and justice	987,421	34,926	1,022,347	112,708	16,301	129,009
Public education system	1,703,915	(178,720)	1,525,195	321,999	(2,939)	319,060
Public education AY15 expenditure	-	210,520	210,520	-	-	-
Human support services	1,718,662	36,111	1,754,773	2,341,321	88,043	2,429,364
Public works	492,606	37,396	530,002	29,935	(4,494)	25,441
Repayment of loans and interest	519,354	(16,175)	503,179	-	18,606	18,606
Bond fiscal charges paid from bond proceeds	6,000	-	6,000	-	-	-
Repayment of interest on short-term borrowing	3,675	-	3,675	-	-	-
Settlements and judgments fund	21,292	-	21,292	-	-	-
Wilson building	4,495	-	4,495	-	-	-
Schools modernization fund	11,863	-	11,863	-	-	-
District retiree health contribution	107,800	(21,200)	86,600	-	-	-
Repayment of revenue bonds	7,824	-	7,824	-	-	-
Certificate of participation	24,619	-	24,619	-	-	-
Convention center transfer-dedicated taxes	118,995	(7,993)	111,002	-	-	-
Highway trust fund transfer	21,780	1,182	22,962	-	-	-
TIF and pilot transfer	-	15,127	15,127	-	-	-
Emergency planning and security fund	-	-	-	14,880	12,470	27,350
Workforce investments	59,442	(55,137)	4,305	-	-	-
Operating lease-equipment	42,677	2,959	45,636	-	-	-
Emergency and contingency reserve funds	5,500	18,012	23,512	-	-	-
Pay-go capital	18,860	7,555	26,415	-	-	-
Non-departmental	3,000	(3,000)	-	-	-	-
DC retirement board	-	-	-	-	-	-
Housing finance agency	-	-	-	-	-	-
Total expenditures and uses	**6,645,843**	**158,415**	**6,804,258**	**2,945,234**	**100,447**	**3,045,681**
Excess of Revenues and Sources Over Expenditures and Uses	**$ 27,699**	**$ 87,126**	**$ 114,825**	**$ -**	**$ -**	**$ -**

See Accompanying Independent Auditors' Report.

Exhibit D-3

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2014
($000s)

	Private Grant and Contributions			Other Sources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
Revenues and Sources:						
Taxes:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Sales and use taxes	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Other	-	-	-	556,419	(57,302)	499,117
Federal contributions	-	-	-	-	-	-
Operating grant	6,862	1,429	8,291	-	-	-
Bond proceeds	-	-	-	-	-	-
Fund balance released from restrictions	-	77	77	-	18,417	18,417
Transfer in from lottery board	-	-	-	-	-	-
Transfer in-others	-	-	-	-	-	-
Total revenues and sources	6,862	1,506	8,368	556,419	(38,885)	517,534
Expenditures and Uses:						
Governmental direction and support	319	478	797	51,377	(15,295)	36,082
Economic development and regulation	562	42	604	177,712	(2,198)	175,514
Public safety and justice	-	114	114	47,643	(4,992)	42,651
Public education system	5,170	705	5,875	20,510	(2,764)	17,746
Public education FY15 expenditure	-	-	-	-	-	-
Human support services	201	233	434	31,817	(3,255)	28,562
Public works	610	(66)	544	130,790	(12,167)	118,623
Repayment of loans and interest	-	-	-	4,728	-	4,728
Bond fiscal charges paid from bond proceeds	-	-	-	-	-	-
Repayment of interest on short-term borrowing	-	-	-	-	-	-
Settlements and judgments fund	-	-	-	-	-	-
Wilson building	-	-	-	-	-	-
Schools modernization fund	-	-	-	-	-	-
District retiree health contribution	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-
Certificate of participation	-	-	-	-	-	-
Convention center transfer-dedicated taxes	-	-	-	-	-	-
Highway trust fund transfer	-	-	-	18,526	-	18,526
TIF and pilot transfer	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-
Operating lease-equipment	-	-	-	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-
Pay-go capital	-	-	-	25,587	7,796	33,383
Non-departmental	-	-	-	7,702	(6,010)	1,692
DC retirement board	-	-	-	30,338	-	30,338
Housing finance agency	-	-	-	9,689	-	9,689
Total expenditures and uses	6,862	1,506	8,368	556,419	(38,885)	517,534
Excess of Revenues and Sources Over Expenditures and Uses	$ -	$ -	$ -	$ -	$ -	$ -

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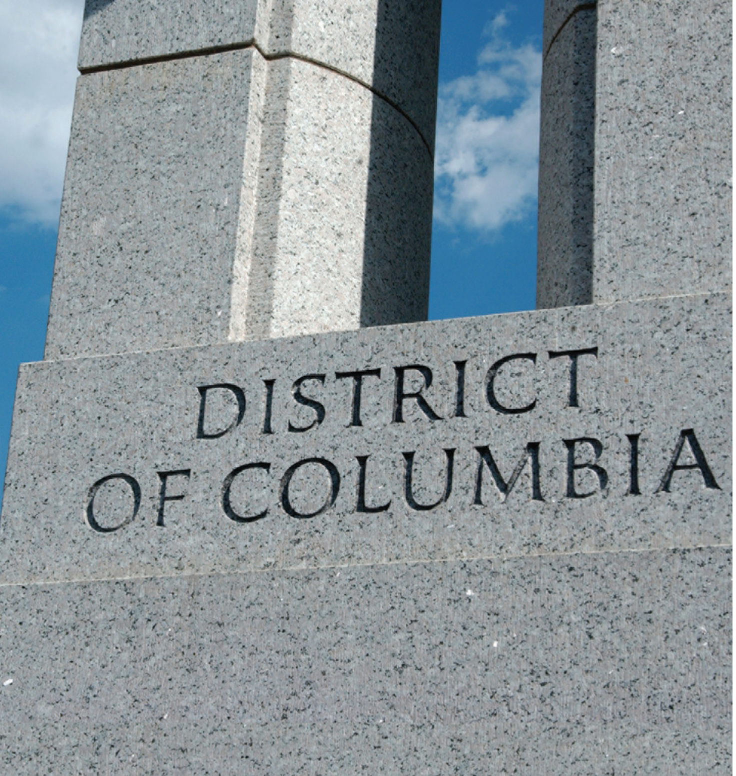

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2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

VINCENT C. GRAY
MAYOR
JANUARY 2, 2011 – JANUARY 2, 2015

MURIEL BOWSER
MAYOR
PRESENT

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

Year Ended September 30, 2014

Statistical Section
(Unaudited)

This section contains statistical tables that reflect information on financial trends, revenue capacity, debt capacity, demographics and the economy, and other data regarding the District's operations. These tables differ from the financial statements because they usually cover more than two fiscal years and may present non-accounting data.

The Statistical Section is divided into 5 sections as follows:

Section **Page**

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1. Financial Trends

These schedules contain trend information, which may be used to better understand how the District's financial performance and well-being have changed over time.

Net Position By Component **Exhibit S-1A**
Last Ten Fiscal Years
(accrual basis of accounting, dollars in thousands)

NET POSITION	2005	2006	2007	2008	2009	* 2010	2011	* 2012	** 2013	2014
Governmental activities										
Net investment in capital assets	$ 1,069,731	$ 958,597	$ 1,197,275	$ 1,794,279	$ 2,155,206	$ 2,437,385	$ 2,534,538	$ 2,872,272	$ 2,849,043	$ 2,830,199
Restricted	930,021	987,650	1,269,708	1,156,213	852,061	1,117,560	963,694	1,057,582	1,264,682	1,195,364
Unrestricted	(249,088)	167,779	92,345	(404,959)	(505,804)	(739,720)	(527,647)	(601,284)	(632,045)	(456,827)
Total governmental activities net position	1,750,664	2,114,026	2,559,328	2,545,533	2,501,463	2,815,225	2,970,585	3,328,570	3,481,680	3,568,736
Business-type activities										
Net investment in capital assets	16,183	17,505	17,211	16,747	16,012	4,827	478	480	427	270
Restricted	322,893	347,938	375,148	374,282	304,773	233,296	226,229	229,930	241,952	260,645
Unrestricted	34,968	29,000	25,980	24,773	25,864	8,628	3,501	3,607	3,911	4,012
Total business-type activities net position	374,044	394,443	418,339	415,802	346,649	246,751	230,208	234,017	246,290	264,927
Primary government										
Net investment in capital assets	1,085,914	976,102	1,214,486	1,811,026	2,171,218	2,442,212	2,535,016	2,872,752	2,849,470	2,830,469
Restricted	1,252,914	1,335,588	1,644,856	1,530,495	1,156,834	1,350,856	1,189,923	1,287,512	1,506,634	1,456,009
Unrestricted	(214,120)	196,779	118,325	(380,186)	(479,940)	(731,092)	(524,146)	(597,677)	(628,134)	(452,815)
Total primary government net position	$ 2,124,708	$ 2,508,469	$ 2,977,667	$ 2,961,335	$ 2,848,112	$ 3,061,976	$ 3,200,793	$ 3,562,587	$ 3,727,970	$ 3,833,663

* Due to the District's policy change on the recognition of personal property tax revenues, FY2010 & 2012 information has been adjusted

** In FY2013, the District implemented GASB #65 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2013.

Source: Information was extracted from Exhibit 1-a, Statement of Net Position, Page 42.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting, dollars in thousands)

Exhibit S-1B

	2005	2006	2007	2008	2009	* 2010	2011	2012	** 2013	2014
Governmental activities										
Expenses										
Governmental direction and support	$ 641,964	$ 574,097	$ 787,392	$ 834,694	$ 878,219	$ 871,240	$ 783,557	$ 987,978	$ 993,774	$ 929,313
Economic development and regulation	283,186	391,203	509,874	499,644	470,567	374,149	370,592	353,618	460,082	416,670
Public safety and justice	1,036,120	1,124,896	1,264,715	1,384,517	1,407,166	1,563,505	1,521,863	1,490,423	1,497,016	1,568,899
Public education system	1,374,538	1,486,112	1,589,652	1,787,635	1,937,238	1,989,518	2,086,722	2,113,955	2,224,946	2,221,519
Human support services	2,663,556	2,967,372	2,992,805	3,285,325	3,598,570	3,677,405	3,889,812	3,925,613	4,086,722	4,336,730
Public works	307,247	351,917	481,702	586,649	553,233	497,027	489,304	587,002	603,423	651,221
Public transportation	167,783	187,615	198,484	214,905	230,499	243,668	257,703	221,339	284,851	309,436
Interest on long-term debt	201,882	269,725	281,918	293,339	336,536	324,319	356,164	397,216	382,530	396,754
Total governmental activities expenses	6,676,276	7,352,937	8,106,542	8,886,708	9,412,028	9,540,831	9,755,717	10,077,144	10,533,344	10,830,542
Program revenues										
Charges for services, fees, fines & forfeitures:										
Economic development and regulation	92,198	94,487	102,230	111,105	105,148	112,074	126,407	134,410	136,436	146,067
Public works	132,533	146,628	151,957	206,771	196,119	219,005	228,287	191,960	170,810	189,566
Others	102,431	84,298	80,790	61,273	98,211	118,943	135,407	211,033	223,969	165,753
Operating grants & contributions	2,098,723	2,155,035	2,309,495	2,178,275	2,813,568	3,321,671	3,343,747	3,190,038	3,277,118	3,368,565
Capital grants & contributions	112,704	119,715	130,557	175,841	180,602	259,277	172,964	261,411	270,813	178,218
Total governmental activities program revenues	2,538,589	2,600,163	2,775,029	2,733,265	3,393,648	4,030,970	4,006,812	3,988,852	4,079,146	4,048,169
Net expenses	(4,137,687)	(4,752,774)	(5,331,513)	(6,153,443)	(6,018,380)	(5,509,861)	(5,748,905)	(6,088,292)	(6,454,198)	(6,782,373)
General revenues										
Taxes:										
Property taxes	1,150,672	1,272,998	1,545,325	1,787,365	1,951,345	1,881,733	1,803,691	1,945,071	2,012,788	2,118,198
Sales and use taxes	957,394	1,004,471	1,056,780	1,101,859	1,052,011	1,081,005	1,121,257	1,218,576	1,247,374	1,282,573
Income and franchise taxes	1,472,432	1,591,483	1,736,361	1,755,894	1,478,068	1,434,131	1,656,283	1,956,590	2,094,179	2,094,754
Gross receipts taxes	295,819	278,453	302,768	302,873	315,976	295,531	279,002	319,036	345,852	389,539
Other taxes	377,213	390,542	498,198	413,401	261,909	264,959	403,199	404,066	400,308	423,354
Investment earnings	39,811	73,207	124,420	95,847	28,242	19,156	6,122	21,944	6,071	6,810
Miscellaneous	311,662	431,182	456,425	458,469	530,847	447,368	563,400	514,590	580,097	499,235
Special items	-	-	(8,838)	153,640	287,137	266,942	-	-	-	-
Transfers	71,450	73,800	65,376	70,300	68,775	96,624	71,311	66,404	68,314	54,966
Total governmental activities general revenues	4,676,453	5,116,136	5,776,815	6,139,648	5,974,310	5,787,449	5,904,265	6,446,277	6,754,983	6,869,429
Change in net position --- governmental activities	$ 538,766	$ 363,362	$ 445,302	$ (13,795)	$ (44,070)	$ 277,588	$ 155,360	$ 357,985	$ 300,785	$ 87,056

* Due to the District's policy change on the recognition of personal property tax revenues, FY2010 information has been adjusted

** In FY2013, the District implemented GASB #65 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2013.

Source: Information was extracted from Exhibit 1-b, Statement of Activities, Page 43.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting, dollars in thousands)

Exhibit S-1B
(Continued)

	2005	2006	2007	2008	2009	2010 *	2011	2012	2013 **	2014
Business activities										
Expenses										
Lottery and games	$ 164,066	$ 193,907	$ 192,336	$ 182,981	$ 176,625	$ 163,393	$ 169,526	$ 183,185	$ 173,927	$ 161,144
Unemployment compensation	92,728	102,749	99,920	150,237	370,775	480,976	408,997	344,913	255,645	160,403
Nursing home services	35,066	35,434	37,556	40,837	44,601	18,817	4,555	-	-	-
Total business-type activities expenses	291,860	332,090	329,812	374,055	592,001	663,186	583,078	528,098	429,572	321,547
Program revenues										
Charges for services, fees, fines & forfeitures:										
Lottery and games	234,931	266,391	256,824	252,721	245,370	230,159	231,749	249,675	242,460	216,040
Nursing home services	32,184	29,154	31,849	37,435	43,424	19,991	4,135	-	-	-
Operating grants & contributions	16,707	14,825	18,358	21,191	36,985	36,998	34,968	27,945	32,790	9,766
Total business-type activities program revenues	283,822	310,370	307,031	311,347	325,779	287,148	270,852	277,620	275,250	225,806
Net expenses	(8,038)	(21,720)	(22,781)	(62,708)	(266,222)	(376,038)	(312,226)	(250,478)	(154,322)	(95,741)
General revenues										
Taxes:										
Other taxes	92,985	95,888	90,117	92,733	94,622	129,471	128,875	133,618	131,025	141,760
Investment earnings	18,887	19,321	20,841	21,317	19,061	13,584	11,764	8,517	7,723	7,340
Miscellaneous	680	710	1,095	16,355	152,161	229,709	226,355	178,556	96,161	20,244
Transfers	(71,450)	(73,800)	(65,376)	(70,300)	(68,775)	(96,624)	(71,311)	(66,404)	(68,314)	(54,966)
Total business-type activities general revenues	41,102	42,119	46,677	60,105	197,069	276,140	295,683	254,287	166,595	114,378
Change in net position --- business-type activities	$ 33,064	$ 20,399	$ 23,896	$ (2,603)	$ (69,153)	$ (99,898)	$ (16,543)	$ 3,809	$ 12,273	$ 18,637
Total primary government										
Expenses	$ 6,968,136	$ 7,685,027	$ 8,436,354	$ 9,260,763	$ 10,004,029	$ 10,204,017	$ 10,338,795	$ 10,605,242	$ 10,962,916	$ 11,152,089
Program revenues	2,822,411	2,910,533	3,082,060	3,044,612	3,719,427	4,318,118	4,277,664	4,266,472	4,354,396	4,273,975
Net expenses	(4,145,725)	(4,774,494)	(5,354,294)	(6,216,151)	(6,284,602)	(5,885,899)	(6,061,131)	(6,338,770)	(6,608,520)	(6,878,114)
General revenues	4,717,555	5,158,255	5,823,492	6,199,753	6,171,379	6,063,589	6,199,948	6,700,564	6,921,578	6,983,807
Change in net position --- primary government	$ 571,830	$ 383,761	$ 469,198	$ (16,398)	$ (113,223)	$ 177,690	$ 138,817	$ 361,794	$ 313,058	$ 105,693

* Due to the District's policy change on the recognition of personal property tax revenues, FY2010 information has been adjusted

** In FY2013, the District implemented GASB #65 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2013.

Source: Information was extracted from Exhibit 1-b, Statement of Activities, Page 43.

Fund Balances, Governmental Funds **Exhibit S-1C**
Last Ten Fiscal Years
(modified accrual basis of accounting, dollars in thousands)

	2005	2006	2007	2008	2009	2010*
General Fund						
Reserved	$ 1,110,770	$ 1,045,560	$ 1,135,459	$ 957,977	$ 703,694	$ 836,181
Unreserved	473,913	389,582	358,541	286,745	216,789	94,588
Total general fund	$ 1,584,683	$ 1,435,142	$ 1,494,000	$ 1,244,722	$ 920,483	$ 930,769
All other governmental funds						
Reserved, reported in:						
Special revenue funds	$ 249,911	$ 321,878	$ 460,556	$ 465,229	$ 507,678	$ 555,476
Capital project funds	86,530	732,602	835,024	629,805	417,212	137,922
Unreserved, reported in:						
Capital project funds	(312,161)	-	-	-	-	-
Total all other governmental funds	$ 24,280	$ 1,054,480	$ 1,295,580	$ 1,095,034	$ 924,890	$ 693,398

In FY 2011, the District implemented GASB Statement #54; presentation is not comparable to prior years.

	2011	2012	2013	2014
General Fund				
Nonspendable	$ 18,465	$ 20,357	$ 16,015	$ 25,668
Restricted	756,650	856,277	976,071	983,011
Committed	256,287	595,008	659,567	744,649
Assigned	73,492	34,879	97,275	120,331
Unassigned	-	-	-	-
Total general fund	$ 1,104,894	$ 1,506,521	$ 1,748,928	$ 1,873,659
All other governmental funds				
Nonspendable	$ -	$ -	$ -	$ 9,736
Restricted	621,740	541,642	717,664	639,604
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(116,269)	-	(114,248)
Total all other governmental funds	$ 621,740	$ 425,373	$ 717,664	$ 535,092

* Due to the District's policy change on the recognition of personal property tax revenues, FY2010 information has been adjusted.

Source: Information was extracted from Exhibit 2-a, Balance Sheet - Governmental Funds, Page 44.

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting, dollars in thousands)

Exhibit S-1D

	2005	2006	2007	2008	2009	2010*	2011	2012	2013	2014
REVENUES										
Taxes	$ 4,251,191	$ 4,472,845	$ 5,146,007	$ 5,333,118	$ 5,042,487	$ 4,956,910	$ 5,260,486	$ 5,833,054	$ 6,128,210	$ 6,325,257
Fines and forfeits	111,146	112,919	101,971	99,452	106,169	128,473	129,448	185,771	178,708	143,124
Licenses and permits	82,093	81,222	89,072	94,988	91,230	86,951	102,769	99,300	105,081	102,242
Charges for services	133,923	131,273	143,934	184,709	202,079	234,598	257,884	252,332	247,426	256,020
Investment earnings	39,811	73,206	124,420	95,847	28,242	19,156	5,789	21,728	6,608	6,810
Miscellaneous	311,573	489,067	444,262	457,747	524,046	447,365	549,006	514,694	511,582	552,455
Federal contributions	382,966	362,075	440,962	433,206	573,446	670,186	617,845	554,979	555,038	519,846
Operating grants	1,828,461	1,912,675	1,999,090	1,920,910	2,420,724	2,910,762	2,898,866	2,896,470	2,992,893	3,026,937
Total revenues	7,141,164	7,635,282	8,489,718	8,619,977	8,988,423	9,454,401	9,822,093	10,358,328	10,725,546	10,932,691
EXPENDITURES										
Governmental direction and support	590,344	611,620	651,974	695,175	672,463	657,935	698,117	787,331	810,803	920,513
Economic development and regulation	267,335	348,091	444,508	461,707	405,140	388,424	351,814	318,266	383,143	411,812
Public safety and justice	1,034,456	1,133,800	1,241,684	1,369,907	1,381,873	1,546,473	1,517,640	1,469,727	1,513,469	1,515,470
Public education system	1,340,767	1,439,510	1,541,194	1,716,701	1,850,200	1,904,023	1,943,438	1,980,384	2,084,613	2,128,137
Human support services	2,657,848	2,952,637	2,975,821	3,222,979	3,485,267	3,669,367	3,823,317	3,881,043	4,042,204	4,261,400
Public works	175,300	184,200	329,942	416,982	388,713	318,590	265,750	342,215	287,598	329,355
Public transportation	167,783	187,615	198,484	214,905	230,499	243,668	257,703	221,339	284,851	309,436
Debt service:										
Principal	183,845	205,654	232,389	251,998	277,523	209,746	211,696	217,645	254,312	306,498
Interest and other charges	202,387	225,195	258,769	287,354	292,484	300,123	333,872	375,461	410,020	422,450
Fiscal charges	9,277	31,958	15,095	25,330	19,659	64,532	14,296	15,447	8,640	4,895
Total debt service	395,509	462,807	506,253	564,682	589,666	574,401	559,864	608,553	672,972	733,843
Subtotal expenditures	6,629,342	7,320,280	7,889,860	8,663,038	9,003,821	9,302,881	9,417,643	9,608,858	10,079,653	10,609,966
Capital outlay	615,089	901,204	1,024,541	1,390,415	1,130,971	1,359,488	1,189,356	1,152,943	1,208,481	1,123,073
Total expenditures	7,244,431	8,221,484	8,914,401	10,053,453	10,134,792	10,662,369	10,606,999	10,761,801	11,288,134	11,733,039
Excess (deficiency) of revenues over (under) expenditures	(103,267)	(586,202)	(424,683)	(1,433,476)	(1,146,369)	(1,207,968)	(784,906)	(403,473)	(562,588)	(800,348)
OTHER FINANCING SOURCES (USES)										
Debt issuance	386,370	1,342,612	610,580	664,105	491,645	750,298	745,025	439,370	833,286	597,230
Refunding debt issuance	-	116,475	251,155	675,895	580,140	835,010	63,860	608,210	25,005	475,305
Premium on sale of bonds	14,478	39,944	16,063	36,282	50,198	89,505	24,711	124,679	154,681	85,679
Payment to escrow agent	-	(136,137)	(264,334)	(675,385)	(607,640)	(855,011)	(63,335)	(679,843)	(28,929)	(503,439)
Equipment financing program	15,144	30,167	42,471	36,479	62,068	34,162	45,801	49,463	41,016	31,716
Transfers in	193,439	685,206	694,229	477,829	447,639	429,033	302,059	353,087	364,563	331,676
Transfers out	(121,989)	(611,406)	(628,853)	(407,529)	(378,864)	(332,409)	(230,748)	(286,683)	(296,249)	(276,710)
Sale of capital assets	-	-	12,168	726	6,800	-	-	450	3,913	1,050
Total other financing sources	487,442	1,466,861	733,479	808,402	651,986	950,588	887,373	608,733	1,097,286	742,507
Special items	-	-	(8,838)	175,250	-	-	-	-	-	-
Net change in fund balances	$ 384,175	$ 880,659	$ 299,958	$ (449,824)	$ (494,383)	$ (257,380)	$ 102,467	$ 205,260	$ 534,698	$ (57,841)
Total capitalized expenditures	$ 648,795	$ 771,069	$ 857,739	$ 1,402,291	$ 1,222,453	$ 1,455,655	$ 936,823	$ 999,605	$ 925,053	$ 893,504
Debt service as a percentage of noncapital expenditures	5.86%	5.78%	6.10%	6.23%	6.40%	5.54%	5.64%	6.08%	6.41%	6.72%

* Due to the District's policy change on the recognition of personal property tax revenues, FY2010 information has been adjusted.

Source: Information was extracted from Exhibit 2-b, Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, Page 45.

Tax Revenues by Source, Governmental Funds **Exhibit S-1E**
Last Ten Fiscal Years
(modified accrual basis of accounting, dollars in thousands)

Fiscal Year	Property Tax			Sales and Use	Income and Franchise	Gross Receipts	Other Taxes	Total
	Real	Personal	Rental					
2005	$ 1,058,100	$ 72,068	$ 18,165	$ 957,394	$ 1,472,432	$ 295,819	$ 377,213	$ 4,251,191
2006	1,163,598	55,548	22,336	970,885	1,591,483	278,453	390,542	4,472,845
2007	1,452,267	67,394	32,239	1,056,780	1,736,361	302,768	498,198	5,146,007
2008	1,666,315	59,690	33,086	1,101,859	1,755,894	302,873	413,401	5,333,118
2009	1,832,748	69,163	32,612	1,052,011	1,478,068	315,976	261,909	5,042,487
2010	1,790,519	56,501 *	34,264 **	1,081,005	1,434,131	295,531	264,959	4,956,910
2011	1,715,069	52,696	32,980	1,121,257	1,656,283	279,002	403,199	5,260,486
2012	1,843,918	55,734	35,134	1,218,576	1,956,590	319,036	404,066	5,833,054
2013	1,940,169	54,878	45,450	1,247,374	2,094,179	345,852	400,308	6,128,210
2014	2,037,905	55,413	41,719	1,282,573	2,094,754	389,539	423,354	6,325,257

* Due to the District's Policy change on the recognition of personal property tax revenues, FY2010 Information has been adjusted

** Corrected to reflect proper classification

Source: Information was extracted from Exhibit 2-b, Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, Page 45.

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2. Revenue Capacity

These schedules contain information regarding the District's most significant local revenue sources: property, income, and sales and use taxes.

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands)

Exhibit S-2A

Fiscal Year	Estimated Actual Value: Commercial Property	Estimated Actual Value: Residential Property *	Total Taxable	Tax Exempt	Total Value	Total Direct Tax Rate**	Tax Exempt as a % of Total Value
2005	$ 36,905,213	$ 49,982,554	$ 86,887,767	$ 43,219,725	$ 130,107,492	1.37	33.2%
2006	40,400,447	58,090,888	98,491,335	59,664,865	158,156,200	1.34	37.7%
2007	51,748,487	73,126,786	124,875,273	57,690,545	182,565,818	1.31	31.6%
2008	61,557,827	81,400,361	142,958,188	67,869,520	210,827,708	1.30	32.2%
2009	68,495,502	84,544,053	153,039,555	81,211,121	234,250,676	1.29	34.7%
2010	68,254,862	81,862,427	150,117,289	82,113,504	232,230,793	1.30	35.4%
2011	59,224,100	80,063,402	139,287,502	81,528,158	220,815,660	1.25	36.9%
2012	65,903,077	80,598,880	146,501,957	83,399,263	229,901,220	1.26	36.3%
2013	70,337,945	81,406,777	151,744,722	84,690,034	236,434,756	1.23	35.8%
2014	74,834,806	85,465,264	160,300,070	87,287,954	247,588,024	1.24	35.3%

* After deduction of homestead exemption and credits against tax for 2005-2007
Does not reflect the 2005 Cap Assessment of 12% for Class 01 with Homestead Exemptions
Does not reflect the 2006-2014 Cap Assessment of 10% for Class 01 with Homestead Exemptions
After deduction of Homestead Exemption for 2008- 2014
**The total direct rate is the weighted rate of all taxable real property, obtained by multiplying the weighted rate by the percentage of the total value of real property for each class.
Note: Assessed value is 100 percent of estimated actual value
Source: Office of Tax and Revenue

Direct Property Tax Rates
Last Ten Fiscal Years

Exhibit S-2B

Fiscal Year	Direct Property Tax Rate: Basic Rate	General Obligation Debt Service	Redevelopment Program	Total Direct
2005	0.92	0.45	-	1.37
2006	0.94	0.40	-	1.34
2007	0.86	0.45	-	1.31
2008	0.98	0.32	-	1.30
2009	1.01	0.28	-	1.29
2010	1.02	0.28	-	1.30
2011	0.97	0.28	-	1.25
2012	1.12	0.14	-	1.26
2013	1.12	0.11	-	1.23
2014	1.13	0.11	-	1.24

Note:
The total direct rate is the weighted rate of all taxable real property, obtained by multiplying the weighted rate by the percentage of the total value of real property for each class.

Source: Office of Tax and Revenue

Major Tax Rates
Last Ten Fiscal Years

Exhibit S-2C

	Property (per $100 of assessed value)						Sales and Use			Income and Franchise		Gross Receipt Public Utility (6)	
	Residential		Commercial										
Fiscal Year	Owner occupied	Tenant occupied	Hotels	Improved	Unimproved	Personal	General (1)	Cigarette (2)	Motor Fuel (3)	Individual (4)	Business (5)	Commercial	Residential
2005	0.96	0.96	1.85	1.85	5.00	3.40	0.0575	1.00	0.20	.050-.090	0.09975	0.11	0.10
2006	0.92	0.92	1.85	1.85	5.00	3.40	0.0575	1.00	0.20	.045-.087	0.09975	0.11	0.10
2007	0.88	0.88	1.85	1.85	5.00	3.40	0.0575	1.00	0.20	.040-.085	0.09975	0.11	0.10
2008	0.85	0.85	1.85	1.85	5.00	3.40	0.0575	1.00	0.20	.040-.085	0.09975	0.11	0.10
2009	0.85	0.85	1.65/1.85*	1.65/1.85*	10.00	3.40	0.0575	2/2.5**	0.20	.040-.085	0.09975	0.11	0.10
2010	0.85	0.85	1.65/1.85	1.65/1.85	10.00	3.40	0.06	2/2.5	0.24	.040-.085	0.09975	0.11	0.10
2011	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.06	2.5/3.13	0.24	.040-.085	0.09975	0.11	0.10
2012	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.86/3.57	0.24	.040-.089	0.09975	0.11	0.10
2013	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.86/3.57	0.24	.040-.089	0.09975	0.11	0.10
2014	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.86/3.57	0.24	.040-.089	0.09975	0.11	0.10

Source: Office of Tax and Revenue

*$1.65 for Commercial Improved properties assessed at up to $3 million; 1.85 for all residuals above $3 million.
** $2 per pack of 20 and $2.50 per pack of 25

(1) Of sales value
(2) Per package of 20 & 25
(3) Per gallon
(4) Of taxable Income
(5) Of net income
(6) Of gross charges (gas, lighting, telephone)

Principal Property Taxpayers
Current Year and Nine Years Ago
(dollars in thousands)

Exhibit S-2D

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
CC OWNER LLC	$ 725,843	1	0.453%	$ 124,208	34	0.143%
JBG/FEDERAL CENTER LLC	636,508	2	0.397%	***	***	****
555 12TH REIT LLC	543,860	3	0.339%	312,361	1	0.359%
CARR CRHP PROPERTIES LLC	516,653	4	0.322%	247,030	3	0.284%
WASHINGTON SQUARE LIMITED PARTNERSHIP	476,951	5	0.298%	266,750	2	0.307%
UNITED BROTHERHOOD CRPT JNR AM NATL H S FD	446,115	6	0.278%	183,179	10	0.211%
WARNER INVESTMENTS LP	383,905	7	0.239%	217,037	4	0.250%
TWO CON LLC	362,687	8	0.226%	***	***	***
SECOND ST HOLDING LLC	355,002	9	0.221%	156,927	21	0.181%
GEORGE WASHINGTON UNIVERSITY	346,553	10	0.216%	***	***	***

*** Property was not active in 2005
Source: Office of Tax and Revenue

Ten Highest Assessed Values For Tax Exempt Properties
Current Year
(dollars in thousands)

Exhibit S-2E

Property	Value
INTERNATIONAL FINANCE CORPORATION	$574,205
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	$519,203
INTER-AMERICAN DEVELOPMENT BANK	$424,926
CATHOLIC UNIVERSITY OF AMERICA	$386,066
PRESIDENT & DIRECTORS OF GEORGETOWN UNIVERSITY	$368,584
INTERNATIONAL MONETARY FUND	$337,840
INTERNATIONAL MONETARY FUND	$321,248
PROTESTANT EPISCOPAL CATHEDRAL FOUNDATION DC	$311,822
PRESIDENT & DIRECTORS OF GONZAGA COLLEGE	$258,914
THE FREEDOM FORUM INC	$255,647

Note: Duplicate property listings result from owners with multiple properties.

Source: Office of Tax and Revenue

Property Tax Levies and Collections
Last Seven Fiscal Years
(dollars in thousands)

Exhibit S-2F

Fiscal Year Ended Sept 30	Current Levy			Prior Years			Total		
	Levy	Collections	Percent Collected	Outstanding Balances Billed	Collections	Percent Collected	Billed	Collected	Total
2008	$ 1,662,835	$ 1,615,583 (1)	97.2%	$ 70,895	$ 59,885 (1)	84.5%	$ 1,733,730	$ 1,675,468	96.6%
2009	1,861,953	1,752,290 (2)	94.1%	100,910	65,868 (2)	65.3%	1,962,863	1,818,158	92.6%
2010	1,792,100	1,735,602 (3)	96.8%	144,883	94,683 (3)	65.4%	1,936,983	1,830,285	94.5%
2011	1,639,902	1,610,533	98.2%	226,333	111,465	49.2%	1,866,235	1,721,998	92.3%
2012	1,814,958	1,784,196	98.3%	152,954	78,989	51.6%	1,967,912	1,863,185	94.7%
2013	1,909,967	1,872,534	98.0%	145,546	82,977	57.0%	2,055,513	1,955,511	95.1%
2014	2,000,814	1,969,905	98.5%	139,400	80,076	57.4%	2,140,214	2,049,981	95.8%

(1) Previously reported collections for 2008 include tax overpayments for both the current levy and prior years balances of $7,490 and $7,500 respectively.

(2) Previously reported collections for 2009 include tax overpayments for both the current levy and prior years balances of $8,648 and $3,615 respectively.

(3) Previously reported collections for 2010 include tax overpayments for both the current levy and prior years balances of $10,940 and $2,361 respectively.

Note: Table reflects a modification to the tax levy data previously reported, which included new billings of prior year tax, penalty and interest amounts due. Data has been reformatted to specifically identify prior year amounts included in the annual amounts billed. The table reflects seven years of data, as the detailed information on delinquent amounts included in the tax levy for prior years are not available in the format required.

Source: Office of Tax and Revenue

Personal Income Tax Rates **Exhibit S-2G**
Last Ten Fiscal Years

Year		Top Rate	Top Income Tax Rate Is Applied to Taxable Income in Excess of Listed Amounts: Single	Married Filling Jointly	Head of Household	* Average Effective Rate
2005		9.00%	$ 30,000	$ 30,000	$ 30,000	6.68%
2006		8.70%	40,000	40,000	40,000	6.45%
2007		8.50%	40,000	40,000	40,000	6.20%
2008		8.50%	40,000	40,000	40,000	5.93%
2009		8.50%	40,000	40,000	40,000	5.64%
2010		8.50%	40,000	40,000	40,000	5.36%
2011		8.50%	40,000	40,000	40,000	5.32%
2012	**	8.95%	350,000	350,000	350,000	5.48%
2013		8.95%	350,000	350,000	350,000	5.60%
2014		8.95%	350,000	350,000	350,000	N/A

N/A: Not Available
* Fiscal year personal income tax collections divided by prior-year personal income.
** 2012 numbers reflect tax law changes.
Source: Office of Tax and Revenue

Personal Income Tax Filers and Liability by Income Level **Exhibit S-2H**
Current Year and Nine Years Ago

Income Level	2014 Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total	2005 Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	61,740	17.0%	$ 1,160,388,552	72.1%	32,706	10.9%	$ 724,492,476	63.1%
$75,001 -- $100,000	29,385	8.0%	145,470,213	9.0%	16,976	5.6%	96,709,219	8.4%
$50,001 -- $75,000	49,504	13.6%	152,991,227	9.5%	34,194	11.4%	127,525,880	11.1%
$25,001 -- $50,000	83,056	22.7%	120,726,032	7.5%	79,818	26.6%	149,262,833	13.0%
$10,001 -- $25,000	69,113	18.9%	28,794,731	1.8%	68,597	22.8%	45,037,394	3.9%
$10,000 and lower	72,295	19.8%	2,271,673	0.1%	68,187	22.7%	5,908,144	0.5%
Total	365,093	100.0%	$ 1,610,642,428	100.0%	300,478	100.0%	$ 1,148,935,946	100.0%

Note: Amounts not expressed in thousands.
Source: Office of Tax and Revenue

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3. Debt Capacity

These schedules present information showing the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Ratios of General Obligation Bonds Outstanding **Exhibit S-3A**
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	General Obligation Bonds (GO)	Actual Value of Taxable Property	GO Bonds as a Percentage of Actual Value of Taxable Property	GO Debt Per Capita *
2005	$ 3,632,198	$ 86,887,767	4.18%	$ 6,240
2006	3,773,863	98,491,335	3.83%	6,462
2007	4,140,133	124,875,273	3.32%	7,060
2008	4,592,518	142,958,188	3.21%	7,917
2009	3,766,628	153,039,555	2.46%	6,281
2010	2,781,053	150,117,289	1.85%	4,595
2011	2,829,598	139,287,502	2.03%	4,561
2012	2,295,225	146,501,957	1.57%	3,614
2013	2,245,185	151,744,722	1.48%	3,459
2014	2,790,935	160,300,070	1.74%	4,236

* The prior year per capita amounts were updated to reflect the revised census population estimates.

Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

Exhibit S-3B

	Tax Increment Financing Debts					Income Tax Secured Revenue Bonds				
	Sales Tax	Real Property	Debt Service			Individual	Business	Debt Service		
Fiscal Year	Increment	Tax Increment	Principal	Interest	Coverage	Income Tax	Franchise	Principal	Interest	Coverage
2005	$ 4,507	$ 2,397	$ 4,942	$ 4,764	71.13%	$ -	$ -	$ -	$ -	0.00%
2006	8,299	974	4,809	4,899	95.52%	-	-	-	-	0.00%
2007	8,948	3,516	4,666	5,042	128.39%	-	-	-	-	0.00%
2008	9,090	1,563	4,565	5,147	109.69%	-	-	-	-	0.00%
2009	10,032	4,918	4,467	5,245	153.93%	1,135,938	342,130	-	7,974	18723.58%
2010	7,529	4,431	4,390	5,320	123.17%	1,110,444	323,687	-	59,710	2421.86%
2011	10,904	3,750	4,323	5,385	150.95%	1,296,598	359,684	23,160	136,175	1048.69%
2012	9,747	9,711	8,034	6,452	134.32%	1,490,694	465,896	90,755	134,090	878.85%
2013	11,238	7,119	4,203	6,496	171.58%	1,640,899	453,280	117,740	193,898	677.88%
2014	7,178	10,324	3,973	6,719	163.69%	1,679,173	415,581	148,120	205,724	592.00%

Note: Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements.

Beginning FY 2010, the District revised the presentation of the Exhibit by removing sales tax increment and real property tax increment that were dedicated to tax increment financing other than the Gallery Place TIF Bonds and the Mandarin Hotel TIF Bonds for which the principal and interest components of debt service were indicated.

Beginning FY 2012, the City Market at O Street TIF was added to the presentation.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Exhibit S-3C

	Governmental Activities															Total
Fiscal Year	General Obligation Bonds	Income Tax Secured Bonds	TIF Bonds	Qualified Zone Academy Bonds	Certificates of Participation	Capital Leases	Ballpark Bonds	HPTF Bonds(3)	PILOT Revenue Bond(4)	GARVEE Bonds(5)	Tobacco Bonds(1)	**Total Debt**	**Personal Income(2)**	**Total Debt as a Percentage of Personal Income**	**Total Debt Per Capita**	**"Tax Supported Debt" Per Capita**
2005	$ 3,632,198	$ -	$ 117,525	$ 2,815	$ 120,760	$ 76,390	$ -	$ -	$ -	$ -	$ 498,740	$ 4,448,428	$ 31,484,750	14.1%	$ 7,643	$ 6,786
2006	3,773,863	-	109,895	5,221	278,100	67,942	534,800	-	-	-	742,284	5,512,105	34,066,250	16.2%	9,439	8,168
2007	4,140,133	-	105,229	4,787	270,780	59,868	528,490	34,105	-	-	737,069	5,880,461	36,817,750	16.0%	10,028	8,771
2008	4,592,518	-	100,664	6,713	261,375	52,403	526,415	33,570	155,630	-	724,484	6,453,772	40,359,750	16.0%	11,126	9,877
2009	3,766,628	1,071,785	96,196	6,044	251,515	44,492	521,750	33,010	142,138	-	711,239	6,644,797	40,403,096	16.4%	11,081	9,895
2010	2,781,053	2,570,650	91,807	9,518	241,185	36,108	517,390	85,615	156,621	-	699,779	7,189,726	41,499,722	17.3%	11,880	10,723
2011	2,829,598	3,029,100	87,484	8,573	230,335	27,433	512,850	84,335	142,375	82,610	690,289	7,724,982	45,272,125	17.1%	12,451	11,205
2012	2,295,225	3,799,645	112,985	7,628	218,935	18,972	507,935	82,805	127,924	78,775	677,219	7,928,048	46,873,665	16.9%	12,484	11,294
2013	2,245,185	4,457,675	108,782	6,682	206,965	11,024	502,255	120,450	82,207	117,570	647,459	8,506,254	48,696,519	17.5%	13,104	11,926
2014	2,790,935	4,465,820	104,809	5,736	-	8,162	474,420	118,055	70,030	111,110	631,294	8,780,371	50,907,520	17.2%	13,326	12,199

Note: There are no business type activities with outstanding debt.
Prior year per capita amounts were updated to reflect U.S. Census Bureau population estimates.
Convention Center bonds are neither reported nor included in this table.
(1) Tobacco and GARVEE bonds are not supported by general tax revenues and are not included in the Total "Tax Supported Debt" Per Capita calculation.
(2) The prior year personal income amounts were updated to reflect current methodology and further enhance the presentation of the data.
(3) HPTF - Housing Production Trust Fund
(4) PILOT - Payments in Lieu of Taxes
(5) GARVEE - Federal Highway Grant Anticipation Revenue Bonds

Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Exhibit S-3D

Debt Service Cost Margin Calculation for Fiscal Year 2014:

General fund revenue		$ 7,095,400
Debt service cost limitation (17% of general fund revenue)		$ 1,206,218
Debt expenditure applicable to limit:		
Principal	$ 239,888	
Interest	336,385	
Subtotal for current year	576,273	
Highest debt service cost	$ 576,273	
Total debt service cost subject to the limitation		576,273
Debt service cost margin		$ 629,945

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt service cost limitation	$ 823,558	$ 875,852	$ 1,000,684	$ 1,039,711	$ 1,002,774	$ 977,459	$ 1,019,192	$ 1,119,360	$ 1,165,281	$ 1,206,218
Highest future year debt service cost	359,735	383,659	406,161	456,152	408,506	408,555	456,152	464,994	513,639	576,273
Debt service cost margin	$ 463,823	$ 492,193	$ 594,523	$ 583,559	$ 594,268	$ 568,904	$ 563,040	$ 654,366	$ 651,642	$ 629,945
Total debt service cost subject to the limit as a percentage of debt service cost limit	43.7 %	43.8 %	40.6 %	43.9 %	40.7 %	41.8 %	44.8 %	41.5 %	44.1 %	47.8 %
Debt limit ratio	7.4 %	7.4 %	6.9 %	7.5 %	6.9 %	7.1 %	7.6 %	7.1 %	7.5 %	8.1 %

Note: Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term debt to exceed 17 percent of the revenues of the fiscal year in which the debt is issued. The debt service percent is calculated using the highest fiscal year debt service divided by the total revenues.

Limitation On Borrowing
(dollars in thousands)

Exhibit S-3E

General Fund Expenditures[1]:	$	6,948,808	
General Fund Transfers out[1]:		152,879	
Adjustment for Transfer to Component Agency (UDC)[1]:		38,384	
Adjustment for TIFs and PILOTs Bonds and Notes Debt Service Transfers[1]:		60,704	
Adjustment for Ballpark Revenue Bond Debt Service Transfers[1]:		32,414	
Adjustment for Convention Center Hotel Debt Service Transfers[1]:		14,841	
Total:	$	**7,248,030**	
Limitation on borrowing (12%):	$		869,764
FY 2014 debt service cost:			761,847
Margin on Limitation:	$		**107,917**
FY 2014 Debt service percentage:			**10.51%**

Debt Service Expenditures by Fiscal Year

Long Term Debt	2014 Principal	2014 Interest	2014 Total	2015 Principal	2015 Interest	2015 Total	2016 Principal	2016 Interest	2016 Total	2017 Principal	2017 Interest	2017 Total
General Obligation Bonds[2]	$ 49,675	127,184	176,859	113,110	120,269	233,379	143,260	122,290	265,550	129,485	115,620	245,105
Income Tax Secured Revenue Bonds[2]	148,120	205,724	353,844	138,580	208,272	346,852	88,130	209,510	297,640	119,250	204,954	324,204
TIF Bonds[3]	3,973	6,719	10,692	3,914	6,785	10,699	4,073	6,840	10,913	4,136	6,853	10,989
TIF Notes[4, 5]	12,601	21,898	34,499	3,814	18,950	22,764	5,028	18,761	23,789	5,162	18,540	23,702
QZAB	946	-	946	946	-	946	946	-	946	690	-	690
Capital Leases	2,862	645	3,507	3,057	450	3,507	3,268	239	3,507	1,837	37	1,874
Ballpark Revenue Bonds[6]	6,835	25,579	32,414	7,060	25,221	32,281	7,925	24,816	32,741	8,850	24,370	33,220
Equipment Financing Program	43,043	2,538	45,581	38,360	1,882	40,242	29,799	1,071	30,870	19,098	537	19,635
HPTF Revenue Bonds	2,395	5,429	7,824	2,490	5,339	7,829	2,600	5,222	7,822	2,725	5,100	7,825
PILOT Bonds[7]	7,180	3,368	10,548	7,510	3,044	10,554	7,845	2,705	10,550	8,200	2,351	10,551
PILOT Notes[8]	345	665	1,010	389	806	1,195	411	1,152	1,563	435	1,237	1,672
NCRC Revenue Bonds[9]	3,905	50	3,955	-	-	-	-	-	-	-	-	-
COPs[10]	12,560	10,060	22,620	-	-	-	-	-	-	-	-	-
Other Loans Payable	2,724	6,550	9,274	2,913	6,361	9,274	3,116	6,158	9,274	3,333	5,941	9,274
Washington Convention and Sports Authority	14,545	33,729	48,274	19,280	32,652	51,932	18,970	31,769	50,739	19,835	30,838	50,673
Total	**$ 311,709**	**450,138**	**761,847**	**341,423**	**430,031**	**771,454**	**315,371**	**430,533**	**745,904**	**323,036**	**416,378**	**739,414**

The purpose of this exhibit is to comply with debt limitation requirement.

Notes:
1. Adjustments are made to General Fund Expenditures and Transfers to reflect Component Agencies and Debt Service Expenditures not already included.
2. Interest on Floating Rate General Obligation and Income Tax Secured Revenue Bonds assumed at 1.5% through FY 2015, and 3.0% thereafter.
3. TIF Bonds include the Gallery Place, Mandarin Oriental Hotel and the City Market at O Street projects.
4. TIF Notes include the Capitol Hill Towers, Clyde's, Forever 21, Georgia Avenue CVS, Fort Lincoln, Howard Theatre, Madame Tussaud's, the National Crime & Punishment Museum, Verizon Center, Waterfront Arts, and the Zara projects.
5. Fort Lincoln was fully repaid on December 1, 2014 with a principal prepayment of $663 thousand plus accrued interest to that date.
6. Ballpark Revenue Bonds Series 2006B-2 were fully repaid on July 1, 2014 with a principal prepayment of $21 million plus accrued interest to that date.
7. PILOT Bonds include Anacostia Waterfront Corp.
8. PILOT Notes include Rhode Island Place and Foundry Lofts projects.
9. NCRC Revenue Bonds were fully repaid on FY 2014 with periodic principal prepayments totaling $1.092 million plus accrued interest to that date. The final payment was made on February 1, 2014.
10. Certificates of Participation, Series 2003 and 2006 were fully refunded by Income Tax Secured Revenue Refunding Bonds, Series 2014A, issued September 10, 2014.

Source: Office of Finance and Treasury

4. Demographic and Economic Information

These schedules offer demographic and economic data to help explain the environment within which the District's financial activities take place. This information also facilitates comparisons of financial statement information over time and among governments.

Demographic and Economic Statistics
Last Ten Fiscal Years

Exhibit S-4A

Fiscal Year	Population (1)	Personal Income (2)(3)	Per Capita Income (2)	Median Age (1a)	Employment (4)	Unemployment Rate (4)	Claims Accepted (5)	Claims Rejected (5)
2005	582,049	$ 31,484,750	$ 54,093	34.9	680,267	6.9%	17,223	6,074
2006	583,978	34,066,250	58,335	34.7	686,225	5.8%	17,021	6,212
2007	586,409	36,817,750	62,785	34.6	691,708	5.5%	17,111	5,918
2008	580,074	40,359,750	69,577	34.3	702,725	6.0%	20,425	7,123
2009	599,657	40,403,096	67,377	34.0	701,633	9.0%	34,668	13,697
2010	605,210	41,499,722	68,571	33.8	709,075	10.2%	34,481	10,761
2011	620,427	45,272,125	72,969	33.7	723,233	10.2%	40,113	11,578
2012	635,040	46,873,665	73,812	33.6	730,033	9.3%	42,276	14,686
2013	649,111	48,696,519	75,020	33.8	733,317	8.6%	27,665	13,237
2014	658,893	50,907,520	77,262	N/A	749,200	7.6%	28,995	9,921

N/A: Not Available

(1) Source: U.S. Census Bureau. Population data is based on estimates as of July 1 each year. Presentation of prior years data is adjusted for Census updates.

(1a) Median age for 2010 and years thereafter are updated each May

(2) Source: D.C. Department of Employment Services, Office of Labor Market Research and Information based on data from U.S. Bureau of Economic Analysis (BEA).
BEA uses slightly different population estimates in its calculation of per capita income. Updates are made each year to prior year numbers, which will not match prior year CAFR figures.

(3) In thousands

(4) Source: D.C. Department of Employment Services, Office of Labor Market Research and Information based on data from U.S. Bureau of Labor Statistics.

(5) Source: D.C. Department of Employment Services, Office of Unemployment Compensation

For some measures in Exhibit S-4A, updates are made each year to prior year numbers. Therefore, prior year numbers may not match the numbers in CAFR tables from previous years.

Principal Employers
Current Year and Ten Years Ago

Exhibit S-4B

Employer	2014 Employees	2014 Rank	2014 % of Total Employment	2004 Employees	2004 Rank	2004 % of Total Employment
Georgetown University	*	1	*	*	3	*
Washington Hospital Center	*	2	*	*	4	*
George Washington University	*	3	*	*	2	*
Children's National Medical Center	*	4	*	*	5	*
American University	*	5	*	*	8	*
Georgetown University Hospital	*	6	*	*	9	*
Howard University	*	7	*	*	1	*
Fannie Mae	*	8	*	*	6	*
Booz Allen & Hamilton Inc.	*	9	*	*	113	*
Allied Barton Security Services LLC	*	10	*	*	*	*
Red Coats	*	11	*	*	40	*
Providence Hospital	*	12	*	*	10	*
George Washington University Hospital	*	13	*	*	18	*
Sibley Memorial Hospital	*	14	*	*	13	*
Howard University Hospital	*	15	*	*	7	*
Total	56,185		11.3%	44,199		9.5%

* This data is produced through the Quarterly Covered Employment and Wage (QCEW) Program, a Bureau of Labor Statistics federal/state cooperative statistical program. Release of data under this program is subject to the Confidential Information Protection and Statistical Efficiency Act of 2002. The District cannot release company specific employment information without the written consent of each of the companies that are included in the release of such data. As a result, we are only presenting rank and total employment information for the top fifteen principal employers.

Source: Department of Employment Services, Office of Labor Market Research and Information

5. Operating Information

These schedules contain service and infrastructure data to better understand how the information in the District's financial reports relates to the services the District provides and the activities it performs.

Operating Indicators by Function/Program
Last Ten Fiscal Years

Exhibit S-5A

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
					Operating Indicators					
GOVERNMENTAL DIRECTION AND SUPPORT										
General Obligation Bonds										
Bond rating by S&P	A+	A+	A+	A+	A+	A+	A+	A+	AA-	AA
Bond rating by Moody's	A2	A2	A1	A1	A1	Aa2	Aa2	Aa2	Aa2	Aa2
Bond rating by Fitch	A	A	A+	A+	A+	AA-	AA-	AA-	AA-	AA
Income Tax Secured Revenue Bond *										
Bond rating by S&P	-	-	-	-	AAA	AAA	AAA	AAA	AAA	AAA
Bond rating by Moody's	-	-	-	-	Aa2	Aa1	Aa1	Aa1	Aa1	Aa1
Bond rating by Fitch	-	-	-	-	AA	AA+	AA+	AA+	AA+	AA+
*First issued in FY 2009										
ECONOMIC DEVELOPMENT AND REGULATION										
Taxable retail sales ($ millions)	$ 10,487	$ 10,051	$ 9,971	$ 11,048	$ 10,198	$ 11,191	$ 11,697	$ 12,610	$ 13,083	$ 13,717
Commercial construction units	125	121	173	156	107	138	124	117	96	327
Value	$ 1,466,587	$ 1,366,931	$ 1,300,454	$ 1,938,197	$ 2,321,216	$ 1,518,394	$ 941,963	$ 649,872	$ 954,718	$ 2,542,032
Residential construction units	861	815	664	1,237	1,003	850	899	855	1,199	1,369
Value	$ 192,609	$ 186,685	$ 182,298	$ 276,722	$ 269,812	$ 214,187	$ 235,996	$ 261,314	$ 382,192	$ 425,194
Housing Finance Agency										
Number of Single-Family Units Financed	0	67	273	218	109	15	53	16	2	192
Amount of Single-Family Financing Provided ($ 000s)	$ 0	$ 16,820	$ 59,070	$ 43,795	$ 24,750	$ 2,704	$ 9,897	$ 3,604	$ 619	$ 53,068
Number of Multi-Family Units Financed	7,623	1,165	1,198	917	297	1,307	729	1,608	939	1,008
Amount of Multi-Family Financing Provided ($ 000s)	$ 133,510	$ 71,543	$ 118,978	$ 91,014	$ 28,255	$ 137,000	$ 78,512	$ 183,002	$ 139,347	$ 194,600
Total Number of Housing Units Financed	7,623	1,232	1,471	1,135	406	1,322	782	1,624	941	1,200
Total Amount of Housing Financing Provided ($ 000s)	$ 133,510	$ 88,363	$ 178,048	$ 134,809	$ 53,005	$ 139,704	$ 88,409	$ 186,606	$ 139,966	$ 247,668
PUBLIC SAFETY AND JUSTICE										
Police										
Crime Index Offenses	32,678	32,311	33,043	35,351	34,977	30,872	31,772	36,154	35,752	37,662
Number of Police Officers	3,800	3,800	3,907	4,050	4,047	3,960	3,801	3,907	4,010	3,971
Fire & EMS										
Number of Operational Personnel	1,831	1,800	1,818	1,958	1,958	1,946	1,941	1,874	1,998	1,877
Total Number of Incidents	145,812	149,395	153,788	158,919	165,725	162,440	161,795	167,939	167,335	179,319
Total Number of Fire/Rescue Incidents	30,989	32,015	32,363	32,396	30,728	31,562	31,527	30,296	29,823	32,313
Number of Medical Incidents	114,823	117,380	121,415	126,523	134,997	130,878	130,268	137,643	137,512	147,006
Total number of Transports	73,314	75,186	76,841	81,981	86,824	94,039	97,689	101,208	102,987	109,044
Inspections	29,072	28,636	19,282	13,175	22,716	24,862	14,231	11,470	12,482	13,159
PUBLIC LIBRARY										
Number of Volumes	2,333,957	2,873,518	3,037,696	2,897,099	2,525,848	2,242,514	1,601,581	1,466,010	1,491,914	1,536,820

Operating Indicators by Function/Program
Last Ten Fiscal Years

Exhibit S-5A
(Continued)

Function/Program	Operating Indicators 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PUBLIC EDUCATION SYSTEM										
D.C. Public School System										
Number of School Teachers	4,938	4,614	4,509	4,328	3,722	3,758	3,850	3,775	3,392	3,585
Number of School Students	62,306	56,943	52,945	46,208	46,132	45,772	48,737	45,191	45,557	46,393
Number of High School Graduates	2,680	2,450	2,489	2,555	2,679	2,790	2,954	2,919	2,864	2,702
University of the District of Columbia										
Number of Teachers	219	215	242	247	241	231	222	260	250	223
Number of Students	5,364	5,772	5,612	5,595	5,260	5,855	5,286	5,490	5,352	5,118
Number of Graduates	503	573	475	218	711	602	641	705	832	866
PUBLIC WORKS/PUBLIC TRANSPORTATION										
Street Resurfaced (includes reconstruction); regular cover; pavement restoration (miles)	90.0	65.2	52.3	32.1	18.0	13.0	14.0	17.0	19.3	27.2
Potholes Repaired	5,272	3,649	6,262	2,800	2,400	5,580	6,863	26,233	24,718	65,332
Refuse collected (tons per day)	485	425	406	404	378	390	393	382	361	354
Recyclables collected (tons per day)	85	86	95	98	105	110	107	133	145	130
Tons of Bulk Trash Removed	4,956	4,610	4,831	4,025	4,136	3,611	3,536	2,944	2,594	2,558
Tons of Leaves Removed	9,569	9,588	7,834	10,072	8,289	8,050	6,914	5,659	5,920	6,054
Tons of Snow Removed	880,000	855,712	661,050	674,225	808,732	5,298,905	850,000	105,487	218,005	2,250,383
Department of Motor Vehicles										
Number of motor vehicle registrations (1/1 - 12/31)	250,602	260,662	271,243	269,549	259,367	276,585	278,915	284,674	289,028	296,210
Number of operator licenses issued (1/1 - 12/31)	80,765	90,456	117,902	112,072	110,846	109,630	111,354	120,372	119,303	81,656
Number of operator licenses outstanding (1/1 - 12/31)	314,650	357,569	396,193	342,816	340,316	348,036	357,228	370,805	411,356	416,289
D.C. WATER AND SEWER AUTHORITY										
Number of Customer locations	123,062	123,465	124,109	124,582	125,130	124,993	125,653	125,752	126,497	N/A
Average daily water consumption (MGD)	86	87	87	84	80	80	80	77	72	N/A
Daily maximum sewer capacity (MGD)	370	370	370	370	370	370	370	370	370	N/A
Peak 4 Hour Flow, through complete process (MGD)	740	740	740	740	740	740	740	740	740	N/A
Excess Storm Flow, primary treatment only (MGD)	336	336	336	336	336	336	336	336	336	N/A
Peak Flow (MGD)	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	N/A
CONVENTION CENTER										
Conferences held	189	106	151	183	204	214	231	201	209	204
Attendees	1,153,250	935,485	1,028,953	1,091,406	1,053,266	1,015,324	1,017,638	1,159,480	1,089,116	1,280,256

N/A - This data is now available through the D.C. Water and Sewer Authority (WASA). WASA is no longer a component unit of the District.

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Exhibit S-5B

Function/Program	Fiscal Years 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Police Stations Including Satellites	16	16	16	17	11	11	11	11	11	11
Number of Patrol Cars	1,199	1,234	1,222	1,242	1,200	1,183	1,195	1,196	1,197	1,224
Fire										
Number of Fire and EMS stations	34	33	34	34	34	34	34	34	34	34
Number of Front-line Emergency Vehicles	92	107	130	111	126	126	123	123	123	124
EMS										
Number of Ambulances	62	91	78	79	77	78	89	73	110	98
D.C. Public School System										
Schools	165	144	144	144	131	122	123	122	122	112
Number of School Buses	669	712	727	727	790	753	802	838	880	799
Public Library										
Number of Main and Branch Buildings	22	22	22	22	24	25	25	26	26	26
Number of Community and Kiosk Facilities	5	5	5	5	0	0	0	0	0	0
Parks and Recreation										
Acreage	800	832	836	836	836	836	883	883	931	931
Number of Recreation & Community Centers	72	70	73	75	75	79	78	78	74	73
Number of Day Camps	51	86	86	71	68	76	91	88	96	96
Number of Outdoor Swimming Pools	26	24	26	24	24	23	23	24	22	22
Number of Indoor Swimming Pools	8	6	8	7	7	10	8	8	8	11
Public Works/Public Transportation										
Number of Refuse Collection Trucks	71	71	77	77	84	71	70	64	64	69
Primary Street Miles	126	126	126	126	126	126	126	126	135	134
Secondary Street Miles	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,009
Number of Street Lights	66,650	66,630	68,000	68,000	68,000	68,000	68,000	69,350	70,182	70,828
Number of Signalized Intersections	1,538	1,563	1,570	1,575	1,600	1,700	1,603	1,603	1,645	1,652
Number of Trees	118,000	120,934	128,540	144,000	145,312	146,920	144,000	148,980	147,276	147,376
D.C. Water & Sewer Authority										
Miles of Water Mains	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Miles of Sewer Mains	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800

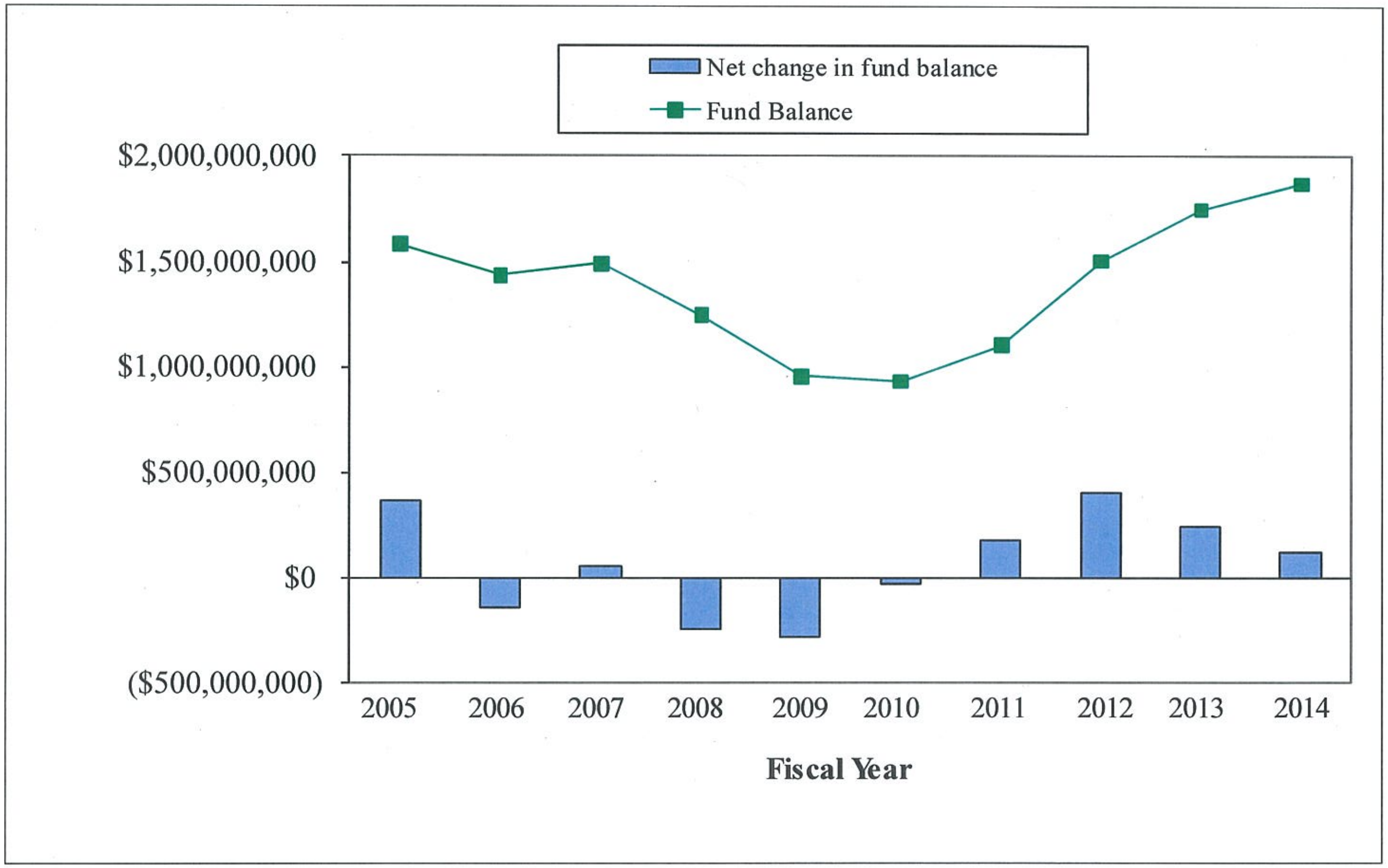
Budgeted Full-Time Equivalent District Government Employees, by Function, General Operating Funds **Exhibit S-5C**
Last Ten Fiscal Years
(Year ended Sept 30)

	Full-time Equivalent District Government Employees									
Function	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Governmental direction and support	2,419	2,475	2,613	2,725	2,726	2,440	2,648	2,994	3,014	3,069
Economic development and regulation	986	1,104	1,157	1,220	1,230	1,128	1,040	1,041	1,181	1,282
Public safety and justice	7,963	7,919	8,234	8,720	8,728	8,586	8,505	8,313	8,230	8,192
Public education system	9,211	9,714	9,367	8,618	8,323	7,651	9,253	9,028	8,959	8,701
Human support services	4,555	4,611	4,571	4,816	4,559	3,946	3,782	3,687	3,822	3,992
Public works	1,752	1,789	1,889	2,073	2,197	2,106	2,007	2,146	2,196	2,324
Total	**26,886**	**27,612**	**27,831**	**28,172**	**27,763**	**25,857**	**27,235**	**27,209**	**27,402**	**27,560**

Source: Office of Budget and Planning

Exhibit S-5D

General Fund
Fund Balance Trend Chart



GOVERNMENT OF THE DISTRICT OF COLUMBIA

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Photo of Ballou High School: Courtesy of DC Public Schools
Nationals Stadium: Kim Chamberlain, Office of Financial Operations and Systems

YEAR ENDED SEPTEMBER 30, 2014